

# STATE OF ARIZONA HOUSE OF REPRESENTATIVES

## SUMMARY OF LEGISLATION

OF THE

**Forty-Seventh Legislature**

*Second Regular Session*

AND THE

*First Special Session*



*Prepared by*

**MAJORITY RESEARCH STAFF**

**2006 EDITION**

PREPARED UNDER THE DIRECTION OF  
THE HONORABLE JAMES P. WEIERS  
SPEAKER OF THE HOUSE



SUMMARY OF LEGISLATION  
WRITTEN BY THE  
MAJORITY RESEARCH STAFF  
2006 EDITION

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# SECTION I

## SUMMARY OF LEGISLATION FIRST SPECIAL SESSION

*Session Convened – January 24, 2006*  
*Adjourned Sine Die – March 6, 2006*



**STATE OF ARIZONA**  
**Forty-Seventh Legislature**  
**First Special Session**

### **HB 2002 – VETOED – ELL; SEI models; budget requests**

Revises the process for assessment, classification, reassessment and monitoring of pupils with a primary or home language other than English; establishes the 8-member Arizona English Language Learners Task Force (Task Force) charged with specified duties including developing and adopting research-based models of structured English immersion (SEI); requires school districts and charter schools to adopt at least one SEI model and submit SEI budget requests for English language learners (ELL) SEI programs; establishes duties for the Arizona Department of Education (ADE) and the Auditor General; establishes the Arizona Structured English Immersion Fund (SEI Fund) and the Statewide Compensatory Instruction Fund (SCIF); codifies some monitoring of school districts and charter schools for ELL programs; makes numerous appropriations; contains a legislative intent section and a conditional enactment section; increases the Group B ELL weight in FY 2006-07; repeals the ELL Group B weight after FY 2006-07; establishes two tax credits for ELLs who meet specified criteria; and makes numerous other changes to the statutes relating to ELLs.

#### ***Assessment and Classification***

- Declares that a pupil must be classified an ELL and be enrolled in SEI or bilingual education if it is determined that the pupil is not English language proficient.

#### ***Arizona English Language Learners Task Force***

- Establishes the 8-member Task Force within the ADE consisting of two members appointed each by the Governor, the President of the Senate, the Speaker of the House of Representatives and the Superintendent. The Task Force must:
  - ⇒ By September 1, 2006, develop and adopt research-based models of SEI programs for use by school districts and charter schools. The models must include specified factors, be the most cost-efficient models of SEI that meet all federal and state laws, be limited to programs for ELLs to participate in a SEI program not normally intended to exceed one year and be limited to a regular school day and regular school year. Instruction outside the regular school day and year must be provided through compensatory instruction which may be eligible for compensatory instruction funding.
  - ⇒ Submit the research-based models of SEI to the Legislature, the Governor and the State Board of Education (SBE), and the models must be submitted to the Joint Legislative Budget Committee (JLBC) for review within 30 days of adoption by the Task Force.
  - ⇒ Establish a process to determine the incremental costs for the adopted research-based models of SEI.
  - ⇒ Establish a form for school districts and charter schools to determine the SEI incremental budget amount request, and the maximum formula amount for incremental costs. Beginning July 15, 2008, pupils who have been classified ELL after July 1, 2007 and classified an ELL for more than two years are prohibited from inclusion in the calculation of incremental costs for school district and charter school SEI budget requests.

#### ***Budget Requests***

- Requires each school district and charter school to:
  - ⇒ Select one or more Task Force-approved models of SEI for implementation on a school-by-school basis.
  - ⇒ Submit a SEI budget request for a specific amount from the SEI Fund.

- ⇒ Include in their SEI budget request the signature of specified persons that certifies that the information in the SEI budget request is true to the best of that person's knowledge, has been calculated pursuant to the formula and that monies from the SEI Fund shall not be used to supplant any federal, state or local, including desegregation, monies used for ELLs as of April 15, 2006.
- ⇒ Beginning July 1, 2007, submit a SEI budget request annually to the ADE by September 15. The ADE must verify the SEI budget request of each school district and charter school for accuracy and compliance, and shall collect the SEI budget requests and submit them to the Legislature for funding from the SEI Fund.

#### ***Arizona Structured English Immersion Fund***

- Establishes the SEI Fund administered by the ADE. ADE must annually request an appropriation for the purposes of the Fund.
- Requires each school district and charter school to establish a local level SEI Fund to receive monies from the Arizona SEI Fund.
- Requires school districts and charter schools to use monies from the SEI Fund to supplement existing programs for ELLs. Monies must not be used to supplant any federal, state or local, including desegregation, monies used for ELLs that were budgeted for ELLs as of April 15, 2006, nor to pay for the normal costs of conducting programs for English proficient students.

#### ***Reassessing ELLs***

- Requires ELLs to be reassessed for the purpose of determining English language proficiency at least annually at the end of each school year through a process prescribed by the Superintendent.
- States that pupils who score at or above the English language proficiency test publisher's designated score for English proficiency must be reclassified as English proficient. After reclassification, the pupil must be transferred to English language mainstream classrooms.

#### ***Former ELL Monitoring***

- Requires the English language proficiency of each pupil previously classified as an ELL within the last two years to be tested annually at the end of the school year in the same manner as assessing for the first time. Pupils who fail to demonstrate English language proficiency must be classified as an ELL and be enrolled in SEI, subject to parental consent. The pupil may be provided compensatory instruction. The Superintendent must prescribe the manner in which pupils are reevaluated.

#### ***Statewide Compensatory Instruction Fund***

- Establishes the Statewide Compensatory Instruction Fund (SCIF) administered by the ADE. The ADE must distribute monies in the SCIF to school districts and charter schools in an amount determined by the ADE for compensatory instruction costs.
- Requires school districts and charter schools to:
  - ⇒ Demonstrate to the ADE that the school district or charter school has established a satisfactory compensatory instruction program.

- ⇒ Annually submit written compensatory instruction budget requests to the ADE by July 15 on a form developed by the ADE and signed by specified persons that the monies from the SCIF must not be used to supplant any federal, state or local, including desegregation, monies for ELLs that were budgeted for ELLs as of April 15, 2006. The written requests must include an analysis of compensatory instruction effectiveness. Monies from the SCIF must be used to supplement existing programs and must not be used to supplant any federal, state or local, including desegregation, monies used for compensatory instruction for ELLs as of April 15, 2006.
- ⇒ Establish a local level compensatory instruction fund to receive SCIF monies. Monies in the local level compensatory instruction fund must only be expended on compensatory instruction. The Auditor General may modify the budget format, financial record requirements, accounting forms and financial report forms for these purposes. Additionally, the Auditor General, in consultation with the ADE, must provide support and guidance to assist school districts and charter schools in compliance. The Task Force and the JLBC must review the documents developed.

#### ***ADE Duties***

- Establishes the ADE Division of English Language Acquisition Services (Division) and requires the Division to:
  - ⇒ Develop guidelines for the monitoring of school districts and charter schools for the purpose of ensuring compliance with all federal and state laws regarding ELLs.
  - ⇒ In consultation with county school superintendents, develop regional programs to enhance all aspects of training for teachers and administrators.
  - ⇒ Publish ELL policy guidelines that include a list of relevant rules, regulations and statutes relating to ELL programs to notify school districts and charter schools of their responsibilities.
  - ⇒ Contract with an independent information technology consultant for the preliminary design of the ADE's agency information system. The consultant must analyze and evaluate the specific data needs and elements for ELL programs for the agency information system.
  - ⇒ Require each school district and charter school to annually submit a report to the ADE that includes specified information identified by grade level and by school.
  - ⇒ Determine the mobility of ELLs within the same school district and to other school districts and charter schools.
  - ⇒ Submit an annual report to the JLBC that includes an itemized list of all federal monies received by the ADE for ELLs, a list of how much of these monies were distributed to school districts on a district by district basis and the purposes for which these federal monies are designated.
  - ⇒ Submit an annual report to the Governor, the Legislature and the SBE that includes a detailed analysis of whether and to what extent pupils are benefiting academically from compensatory instruction and a comparison of the academic achievement of pupils before and after receiving compensatory instruction.

### ***Monitoring***

- Requires the Superintendent of Public Instruction to direct the Division to establish specified monitoring of school districts and charter schools.
- Requires ADE monitoring to be on-site and to include classroom observations, curriculum reviews, faculty interviews, student records, a review of ELL programs and an analysis of programmatic effectiveness. The ADE must determine compliance with federal or state law and issue a report within 45 days after completing the monitoring. Within 60 days of the ADE report, the school district or charter school must submit a corrective action plan to the ADE that sets forth the steps to be taken to correct the deficiencies noted in the report. Within 30 days of receiving the corrective action plan, the ADE must review and may require changes to the plan, then return the plan to the school district or charter school. Within 30 days of receiving the corrective action plan back from the ADE, the school district or charter school must implement the measures.
- Requires the ADE to conduct a follow-up evaluation of the school district or charter school within one year after the date of issuing the changed corrective action plan.

### ***Auditor General Duties***

- Requires the Auditor General to:
  - ⇒ Biennially audit the overall effectiveness of the ELL program based on performance based outcome measurements and increased English proficiency.
  - ⇒ Review the mobility of English proficient students and ELLs.
  - ⇒ Conduct financial audits on school districts that are monitored as provided. The audits must include a review of the SEI budget requests and the SCIF budget requests. The Auditor General may conduct financial audits on randomly selected school districts that are not currently being monitored as provided.
  - ⇒ Determine whether school districts that receive grants from the SEI Fund and the SCIF are in compliance with specified state law through performance audits conducted by the school-wide audit teams.

### ***Tax Credits***

- Establishes two tax credits for voluntary cash contributions to school tuition organizations (STO), a personal income tax credit for individuals or a head of household (\$500) and married couples filing a joint return (\$1,000) and a corporate tax credit. These tax credits are for ELLs who meet specified criteria, and begin in tax years beginning 2007. An STO that receives contributions must allow the Department of Revenue (DOR) to verify that the educational scholarships and tuition grants are awarded to students who attend a qualified school.
- Prohibits the DOR from approving any corporate tax credits in a calendar year that exceed \$50,000,000.
- Requires the DOR to allow the corporate tax credits on a first come, first served basis and must preapprove corporate tax credits voluntary cash contributions as delineated.
- Requires the STO to use at least 90% of the contributions to provide educational scholarships or tuition grants only to children who are ELL and who meet at least one additional listed criterion.
- Caps the educational scholarship or tuition grant.

- Requires the STO to require the children who receive an educational scholarship or tuition grant to attend on a full-time basis at any qualified school.
- Requires each STO that receives voluntary cash contributions to submit an annual report to the DOR by June 30 with the reporting criteria delineated.

#### ***Appropriations***

- Appropriates \$10,000,000 in FY 2006-07 from the state General Fund to the ADE for the SCIF.
- Appropriates \$2,555,000 in FY 2005-06 and \$4,610,000 in FY 2006-07 from the state General Fund to the ADE for statutory duties and for the costs of providing English language proficiency assessments, scoring and ancillary materials to school districts and charter schools. Allows the ADE to hire staff or contract out with a third party for specified duties. Additionally, the ADE may use a portion of these monies to contract with one or more private attorneys to provide legal services in connection with the Flores v. State of Arizona case.
- Appropriates \$2,500,000 in FY 2006-07 from the state General Fund to the Auditor General for specified duties.
- Appropriates \$14,300,000 in FY 2006-07 from the state General Fund to the ADE for distribution to school districts and charter schools for the increased Group B ELL weight.

#### ***Miscellaneous***

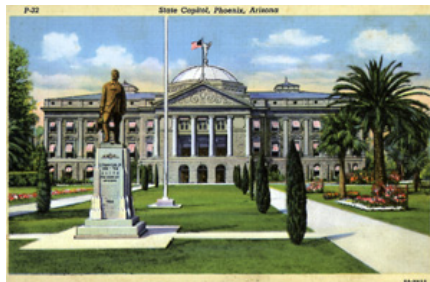
- Declares that the SBE must require all approved teacher training programs that provide a degree in education to require courses that are necessary to obtain a full SEI endorsement.
- Requires the ADE to include the results of ELL English language proficiency tests, reassessment tests and reevaluation tests in the school achievement profiles.
- Declares that the new sections relating to English Language Education do not relieve school districts and charter schools from ensuring that they are in compliance with the requirements of federal and state law.



# SECTION II

## SUMMARY TABLES OF BILLS CONTAINING STATE GENERAL FUND AND OTHER FUND APPROPRIATIONS

### SECOND REGULAR SESSION 2006



### STATE OF ARIZONA Forty-Seventh Legislature Second Regular Session

**TABLE 1**  
**SUMMARY OF GENERAL FUND APPROPRIATIONS**  
**FY 2006-07**

BUDGET UNITS	Final FY 2006	General Appropriation Act - Individual Agency	Att'y Gen'l Cost Allocation	Biennial Annualizations	Salary/ Health Insurance/ Retirement/ State Telecom. Adjustments	FY 2007 Additional Appropriations	Prior Year Advanced Appropriations	FY 2007 Approp Rpt Total
<b>GENERAL GOVERNMENT</b>								
Administration, AZ Department of	\$25,342,200	\$25,675,600	\$70,100	\$0	\$1,314,000	\$500,000	\$0	\$27,559,700
Administrative Hearings, Office of	1,151,800	1,104,200	4,400	33,000	73,000			1,214,600
Attorney General - Department of Law	25,345,300	18,396,500			1,199,000	2,800,000	100,000	22,495,500
Capital Postconviction Public Defender Ofc, State	0	0			0	220,000		220,000
Commerce, Department of	11,506,400	4,234,600	17,000		266,600		7,465,500	11,983,700
Equal Opportunity, Governor's Office of	230,800	220,900	1,000	6,300	17,500			245,700
Equalization, State Board of	914,900	584,500	2,400		36,600	30,000		653,500
Government Information Tech. Agency	0	0			0	1,500,000		1,500,000
Governor, Office of the	6,360,600	6,288,600			346,200			6,634,800
Gov's Ofc of Strategic Planning & Budgeting	2,103,900	2,075,400			135,700			2,211,100
Judiciary								
Supreme Court	13,190,200	16,488,400			783,000	1,600,000	45,400	18,916,800
Court of Appeals	12,229,100	12,593,600			769,200		193,700	13,556,500
Superior Court	93,972,400	93,025,100			4,705,000	(6,880,300)	1,702,500	92,552,300
SUBTOTAL - Judiciary	119,391,700	122,107,100	0	0	6,257,200	(5,280,300)	1,941,600	125,025,600
Legislature								
Auditor General	13,135,600	14,499,300			892,600	2,500,000		17,891,900
House of Representatives	12,592,400	12,399,900			954,900			13,354,800
Joint Legislative Budget Committee	2,811,300	2,775,000			174,000			2,949,000
Legislative Council	5,195,700	5,144,300			246,900	2,685,000		8,076,200
Library, Archives & Public Records, AZ State	7,159,600	7,058,100			482,500			7,540,600
Senate	8,224,600	8,109,800			583,200			8,693,000
SUBTOTAL - Legislature	49,119,200	49,986,400	0	0	3,334,100	5,185,000	0	58,505,500
Personnel Board	346,700	338,300	800	5,500	13,500			358,100
Rangers' Pensions, Arizona	12,800	13,000	0		0			13,000
Revenue, Department of	66,551,600	64,582,800	252,400		4,895,900	2,125,000		71,856,100
Secretary of State	3,115,600	6,860,100	13,000		200,900			7,074,000
Tourism, Office of	13,203,500	0	0		0		14,986,000	14,986,000
Treasurer, State	5,425,900	5,565,400	11,400		192,500			5,769,300
Uniform State Laws, Commission on	52,300	52,300	0		0			52,300
<b>TOTAL GENERAL GOVERNMENT</b>	<b>330,175,200</b>	<b>308,085,700</b>	<b>372,500</b>	<b>44,800</b>	<b>18,282,700</b>	<b>7,079,700</b>	<b>24,493,100</b>	<b>358,358,500</b>

BUDGET UNITS	Final FY 2006	General Appropriation Act - Individual Agency	Att'y Gen'l Cost Allocation	Biennial Annualizations	Salary/ Health Insurance/ Retirement/ State Telecom. Adjustments	FY 2007 Additional Appropriations	Prior Year Advanced Appropriations	FY 2007 Approp Rpt Total
<b>EDUCATION</b>								
Arts, Arizona Commission on the	3,847,700	3,818,200	2,800	18,900	48,200			3,888,100
Charter Schools, State Board for	743,600	712,700	2,700	21,400	48,300			785,100
Community Colleges, Arizona	154,075,700	162,786,600	0	0	0	1,000,000	1,750,000	165,536,600
Deaf and the Blind, Schools for the	16,702,500	18,424,700	137,500	0	2,698,700			21,260,900
Education, Department of	3,552,448,200	3,354,763,500	53,200	0	795,100	481,260,000	191,293,800	4,028,165,600
Historical Society, Arizona	4,114,600	3,979,500	11,900	85,800	259,800			4,337,000
Historical Society, Prescott	678,000	639,100	3,200	25,100	83,000			750,400
Medical Student Loans, Board of	1,500,000	1,500,000	0	0	0			1,500,000
Postsecondary Education, Commission for	1,391,700	1,620,800	0	0	0	5,000,000		6,620,800
School Facilities Board	392,606,100	277,379,600	7,000	0	94,100	86,283,500	50,000,000	413,764,200
Universities								
Arizona State University - Main Campus	307,911,900	314,735,400			28,727,900	500,000		343,963,300
Arizona State University - East Campus	15,811,700	18,088,600			1,716,100	0		19,804,700
Arizona State University - West Campus	44,844,300	45,419,900			3,332,100	0		48,752,000
Arizona State University - Other	0	10,600,000			0	0		10,600,000
Northern Arizona University	124,506,400	125,350,800			10,098,600	500,000		135,949,400
Board of Regents	9,134,800	8,342,300			127,300	5,000,000	1,434,500	14,904,100
University of Arizona - Main Campus	293,785,200	290,631,300			24,091,800	500,000		315,223,100
University of Arizona - Health Sciences Center	64,261,300	64,210,400			4,263,100	0		68,473,500
University of Arizona - Other	0	6,200,000			0	0		6,200,000
SUBTOTAL - Universities	860,255,600	883,578,700	0	0	72,356,900	6,500,000	1,434,500	963,870,100
<b>TOTAL EDUCATION</b>	<b>4,988,363,700</b>	<b>4,709,203,400</b>	<b>218,300</b>	<b>151,200</b>	<b>76,384,100</b>	<b>580,043,500</b>	<b>244,478,300</b>	<b>5,610,478,800</b>
<b>HEALTH &amp; WELFARE</b>								
AHCCCS	1,036,404,500	1,157,674,200	0		6,404,600	35,689,200		1,199,768,000
Economic Security, Department of	632,655,200	682,759,600	0		12,470,600	23,720,000		718,950,200
Environmental Quality, Department of	24,510,300	15,723,900	50,300		771,500	750,000	15,000,000	32,295,700
Health Services, Department of	484,975,100	520,663,400	360,600		6,643,600	21,580,000		549,247,600
Pioneers' Home, AZ	0	800,100	22,800		458,000	0		1,280,900
Indian Affairs, AZ Commission of	212,900	205,100	800	4,900	13,600	0		224,400
Veterans' Services, Department of	2,385,400	3,738,200	10,400	77,300	254,800	69,000		4,149,700
<b>TOTAL HEALTH &amp; WELFARE</b>	<b>2,181,143,400</b>	<b>2,381,564,500</b>	<b>444,900</b>	<b>82,200</b>	<b>27,016,700</b>	<b>81,808,200</b>	<b>15,000,000</b>	<b>2,505,916,500</b>
<b>INSPECTION &amp; REGULATION</b>								
Agriculture, AZ Department of	10,725,100	10,224,300	0	337,300	808,000			11,369,600
Corporation Commission	5,216,200	5,133,000	0	0	410,200			5,543,200
Financial Institutions, State Department of	3,316,000	3,425,100	15,300	0	293,500			3,733,900
Fire, Building and Life Safety, Department of	3,421,700	3,278,400	13,000	95,100	239,000			3,625,500
Insurance, Department of	6,663,900	6,347,700	29,700	213,700	581,700			7,172,800
Liquor Licenses & Control, Department of	4,174,000	2,813,700	10,900	70,800	217,700	450,000	1,250,000	4,813,100
Mine Inspector, State	1,162,400	1,116,200	4,000	31,900	74,600			1,226,700
Nursing, State Board of	163,500	161,400	0	1,300	3,300			166,000
Racing, Arizona Department of	2,606,800	2,499,500	10,300	69,300	171,600			2,750,700
Radiation Regulatory Agency	1,684,400	1,361,000	6,800	45,700	117,400		520,200	2,051,100
Real Estate Department, State	3,718,800	3,529,500	16,600	116,600	324,000			3,986,700
Tax Appeals, State Board of	289,900	277,900	1,300	7,900	20,400			307,500
Weights and Measures, Department of	1,595,200	1,531,400	5,900	0	112,500			1,649,800
<b>TOTAL INSPECTION &amp; REGULATION</b>	<b>44,737,900</b>	<b>41,699,100</b>	<b>113,800</b>	<b>989,600</b>	<b>3,373,900</b>	<b>450,000</b>	<b>1,770,200</b>	<b>48,396,600</b>

BUDGET UNITS	Final FY 2006	General Appropriation Act - Individual Agency	Att'y Gen'l Cost Allocation	Biennial Annualizations	Salary/ Health Insurance/ Retirement/ State Telecom. Adjustments	FY 2007 Additional Appropriations	Prior Year Advanced Appropriations	FY 2007 Approp Rpt Total
<b>NATURAL RESOURCES</b>								
Game and Fish Department, AZ	0	0	0	0	0	3,500,000		3,500,000
Geological Survey, Arizona	827,000	796,700	3,000	19,000	54,800	232,600		1,106,100
Land Department, State	29,219,300	22,326,900	56,500	0	971,400	80,600	3,000,000	26,435,400
Mines & Mineral Resources, Department of	814,300	794,800	2,000	12,700	34,400	0		843,900
Navigable Stream Adjudication Commission	216,700	256,800	600	0	10,400	0		267,800
Parks Board, Arizona State	22,662,100	5,730,500	21,400	159,800	878,600	250,000	20,000,000	27,040,300
Water Resources, Department of	18,985,800	19,796,600	0	0	1,081,200	0		20,877,800
<b>TOTAL NATURAL RESOURCES</b>	<b>72,725,200</b>	<b>49,702,300</b>	<b>83,500</b>	<b>191,500</b>	<b>3,030,800</b>	<b>4,063,200</b>	<b>23,000,000</b>	<b>80,071,300</b>
<b>PROTECTION &amp; SAFETY</b>								
Corrections, State Department of	716,578,700	764,828,600	2,502,200		48,076,900	1,750,000		817,157,700
Criminal Justice Commission, Arizona	1,302,000	1,302,000	0		0	3,000,000		4,302,000
Emergency & Military Affairs, Dept of	13,927,400	9,280,400	23,300		412,500		4,677,900	14,394,100
Executive Clemency, Board of	1,000,100	956,700	4,000	28,600	78,600			1,067,900
Juvenile Corrections, Department of	70,925,200	74,126,200	293,900		5,428,200			79,848,300
Law Enforcement Merit System Council	72,600	66,600	400	2,300	7,100			76,400
Public Safety, Department of	45,112,200	156,989,400	536,300		8,670,900			166,196,600
<b>TOTAL PROTECTION &amp; SAFETY</b>	<b>848,918,200</b>	<b>1,007,549,900</b>	<b>3,360,100</b>	<b>30,900</b>	<b>62,674,200</b>	<b>4,750,000</b>	<b>4,677,900</b>	<b>1,083,043,000</b>
<b>TRANSPORTATION</b>								
Transportation, Department of	76,400	74,700			8,200			82,900
<b>TOTAL TRANSPORTATION</b>	<b>76,400</b>	<b>74,700</b>	<b>0</b>	<b>0</b>	<b>8,200</b>	<b>0</b>	<b>0</b>	<b>82,900</b>
Unallocated FY 06 Employee Pay	126,800	0	0	0				0
State Employee Pay - Unallocated	527,600	129,686,700	0	0				253,000
State Employer Health Insurance - Unallocated	0	28,695,900	0	0				150,800
State Employer Retirement - Unallocated	0	27,635,500	0	0				118,200
Biennial Annualizations - Unallocated	0	1,500,000	0	(1,490,200)				9,800
AZNet - Unallocated	0	5,300,600	0	0				26,100
Attorney General Cost Allocation - Unallocated	0	4,595,700	(4,593,100)	0				2,600
<b>OPERATING BUDGET TOTAL</b>	<b>8,466,794,400</b>	<b>8,695,294,000</b>	<b>0</b>	<b>0</b>	<b>190,770,600</b>	<b>678,194,600</b>	<b>313,419,500</b>	<b>9,686,908,100</b>
Ladewig Litigation	58,300,000	0	0	0	0	94,800,100	0	94,800,100
Kerr Litigation	0	0	0	0	0	15,000,000	0	15,000,000
Budget Stabilization Deposits	474,533,300	9,808,600	0	0	0	0	0	9,808,600
Comm. for the Deaf Fund Deposit	0	850,000	0	0	0	0	0	850,000
Highway Fund Deposit	0	245,000,000	0	0	0	0	0	245,000,000
Water Banking Deposit - Indian Firming	0	13,500,000	0	0	0	0	0	13,500,000
Arts Endowment Fund Payoff	0	5,000,000	0	0	0	0	0	5,000,000
Capital	17,150,000	53,004,200	0	0	0	12,350,000	15,000,000	80,354,200
Maximize Federal Funds	(15,000,000)	(5,000,000)	0	0	0	0	0	(5,000,000)
Administrative Adjustments	57,000,000	48,000,000	0	0	0	0	0	48,000,000
Revertments	(100,169,300)	(101,169,300)	0	0	0	0	0	(101,169,300)
<b>GRAND TOTAL</b>	<b>\$8,958,608,400</b>	<b>\$8,964,287,500</b>	<b>0</b>	<b>0</b>	<b>\$190,770,600</b>	<b>\$800,344,700</b>	<b>\$328,419,500</b>	<b>\$10,093,051,700</b>

# TABLE 2

## SUMMARY OF OTHER FUND APPROPRIATIONS

### FY 2006-07

BUDGET UNITS	Final FY 2006	General Appropriation Act - Individual Agency	Att'y Gen'l Cost Allocation	Biennial Annualizations	Salary/ Health Insurance/ Retirement/ State Telecom. Adjustments	FY 2007 Additional Appropriations	Prior Year Advanced Appropriations	FY 2007 Approp Rpt Total
<b>GENERAL GOVERNMENT</b>								
Administration, AZ Department of	\$159,329,900	\$164,141,800	\$148,100	\$0	\$2,819,100	\$0	\$796,000	\$167,905,000
Administrative Hearings, Office of	14,200	13,900	100	200	300			14,500
Attorney General - Department of Law	30,691,200	36,362,500	0	0	2,315,800	(720,300)		37,958,000
Commerce, Department of	3,541,200	3,523,100	5,600	0	89,300			3,618,000
Exposition and State Fair Board, AZ	15,511,200	15,123,900	34,700	228,400	713,300			16,100,300
Government Information Tech. Agency	2,636,300	2,539,200	10,600	73,300	131,300			2,754,400
Housing, Department of	697,300	654,200	3,000	22,100	48,800			728,100
Judiciary								
Supreme Court	30,603,900	26,702,900	0	0	197,100			26,900,000
Superior Court	7,503,100	10,219,500	0	0	32,900			10,252,400
SUBTOTAL - Judiciary	38,107,000	36,922,400	0	0	230,000	0	0	37,152,400
Legislature	634,200	626,700	0	0	35,100			661,800
Lottery Commission, AZ State	71,745,400	70,509,600	30,400	239,400	584,000			71,363,400
Retirement System, Arizona State	23,157,900	19,789,800	68,200	0	1,218,000	50,000		21,126,000
Revenue, Department of	2,551,600	4,242,300	6,800	0	132,300			4,381,400
Secretary of State	40,000,000	20,162,400	700	0	1,800			20,164,900
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$388,617,400</b>	<b>\$374,611,800</b>	<b>\$308,200</b>	<b>\$563,400</b>	<b>\$8,319,100</b>	<b>(\$670,300)</b>	<b>\$796,000</b>	<b>\$383,928,200</b>
<b>EDUCATION</b>								
Deaf and the Blind, AZ Schools for the	14,808,300	13,816,900	0	0	0			13,816,900
Education, Department of	59,631,300	54,212,300	19,100	0	124,000	1,865,400		56,220,800
Historical Society, Arizona	193,700	193,700	0	0	0			193,700
Medical Student Loans, Board of	296,600	309,800	0	0	0			309,800
Postsecondary Education, Commission for	2,883,200	2,898,800	1,700	0	30,300			2,930,800
Private Postsecondary Education, Board for	294,200	289,500	0	9,500	19,400			318,400
Universities								
Arizona State University - Main Campus	196,172,700	204,742,800	0	0	0			204,742,800
Arizona State University - East Campus	14,961,400	16,620,400	0	0	0			16,620,400
Arizona State University - West Campus	20,047,300	20,937,600	0	0	0			20,937,600
Northern Arizona University	39,544,000	39,544,000	0	0	0			39,544,000
University of Arizona - Main Campus	108,131,300	108,378,100	0	0	0			108,378,100
University of Arizona - Health Sciences Center	14,903,400	15,513,600	0	0	0			15,513,600
SUBTOTAL - Universities	393,760,100	405,736,500	0	0	0	0	0	405,736,500
<b>TOTAL EDUCATION</b>	<b>\$471,867,400</b>	<b>\$477,457,500</b>	<b>\$20,800</b>	<b>\$9,500</b>	<b>\$173,700</b>	<b>\$1,865,400</b>	<b>\$0</b>	<b>\$479,526,900</b>

BUDGET UNITS	Final FY 2006	General Appropriation Act - Individual Agency	Att'y Gen'l Cost Allocation	Biennial Annualizations	Salary/ Health Insurance/ Retirement/ State Telecom. Adjustments	FY 2007 Additional Appropriations	Prior Year Advanced Appropriations	FY 2007 Approp Rpt Total
<b>HEALTH &amp; WELFARE</b>								
AHCCCS	215,960,000	241,291,000	0	0	772,300			242,063,300
Deaf and the Hard of Hearing, Comm. for the	5,330,800	5,279,700	4,900	31,600	75,100			5,391,300
Economic Security, Department of	467,489,800	446,587,800	0	0	5,981,100	1,050,000		453,618,900
Environmental Quality, Department of	71,239,400	64,534,600	69,400	0	1,348,200			65,952,200
Health Services, Department of	76,145,300	64,991,600	49,200	0	832,300	7,300,000	5,500,000	78,673,100
Pioneers' Home, AZ	5,970,100	4,891,200	0	177,800	18,000			5,087,000
Veterans' Services, Department of	13,108,700	12,469,500	49,600	397,800	1,066,200			13,983,100
<b>TOTAL HEALTH &amp; WELFARE</b>	<b>\$855,244,100</b>	<b>\$840,045,400</b>	<b>\$173,100</b>	<b>\$607,200</b>	<b>\$10,093,200</b>	<b>\$8,350,000</b>	<b>\$5,500,000</b>	<b>\$864,768,900</b>
<b>INSPECTION &amp; REGULATION</b>								
Accountancy, State Board of	2,219,800	2,154,600	0	49,000	83,800			2,287,400
Acupuncture Board of Examiners	101,900	97,600	0	3,100	6,200			106,900
Agriculture, AZ Department of	2,873,700	2,737,800	0	92,600	211,500			3,041,900
Appraisal, State Board of	626,200	536,300	0	18,600	31,300			586,200
Automobile Theft Authority	5,017,800	4,848,100	2,600	159,200	241,700			5,251,600
Barbers, Board of	241,800	274,600	0	7,600	18,300			300,500
Behavioral Health Examiners, Board of	1,416,200	1,259,800	0	38,400	68,000			1,366,200
Chiropractic Examiners, State Board of	483,400	462,700	0	15,000	31,500			509,200
Contractors, Registrar of	10,031,300	9,631,300	0	290,900	703,400			10,625,600
Corporation Commission	20,314,300	20,428,100	0	0	1,147,200			21,575,300
Cosmetology, Board of	1,635,200	1,510,000	0	47,400	116,200			1,673,600
Dental Examiners, State Board of	1,052,900	947,200	0	24,800	54,500			1,026,500
Funeral Directors and Embalmers, Board of	317,900	304,900	0	8,900	19,300			333,100
Gaming, Department of	11,733,800	11,623,300	31,200	66,900	146,000			11,867,400
Homeopathic Medical Examiners, Board of	82,100	78,300	0	3,300	6,200			87,800
Industrial Commission of AZ	17,998,100	17,204,000	0	527,600	1,207,300			18,938,900
Insurance, Department of	25,000	25,000	0	0	0			25,000
Medical Board, Arizona	5,387,200	5,169,600	0	174,300	353,400			5,697,300
Mine Inspector, State	0	0	0	0	0			0
Naturopathic Physician Examiners Board	515,100	453,900	0	11,100	28,700			493,700
Nursing, State Board of	3,175,900	3,049,900	0	103,100	245,400			3,398,400
Nursing Care Institution Administrators Board	388,400	372,700	0	10,800	23,100			406,600
Occupational Therapy Examiners, Board of	227,100	217,900	0	6,300	14,800			239,000
Opticians, State Board of Dispensing	98,300	102,700	0	0	7,400			110,100
Optometry, State Board of	198,200	177,600	0	6,000	10,300			193,900
Osteopathic Examiners, AZ Board of	670,900	602,000	0	19,600	34,300			655,900
Pharmacy, AZ State Board of	1,544,600	1,414,100	0	50,400	101,700			1,566,200
Physical Therapy Examiners, Board of	280,500	268,400	0	8,800	16,500			293,700
Podiatry Examiners, State Board of	116,200	110,900	0	3,900	7,100			121,900
Psychologist Examiners, State Board of	360,500	351,700	0	9,500	20,100			381,300
Racing, Arizona Department of	345,000	345,000	0	0	0			345,000
Radiation Regulatory Agency	259,200	247,300	1,100	7,600	25,800			281,800
Residential Utility Consumer Office	1,219,500	1,175,100	0	34,400	65,900			1,275,400

BUDGET UNITS	Final FY 2006	General Appropriation Act - Individual Agency	Att'y Gen'l Cost Allocation	Biennial Annualizations	Salary/ Health Insurance/ Retirement/ State Telecom. Adjustments	FY 2007 Additional Appropriations	Prior Year Advanced Appropriations	FY 2007 Approp Rpt Total
Respiratory Care Examiners, Board of	198,000	189,000	0	5,500	14,600			209,100
State Boards' Office	179,100	172,100	0	1,100	7,600			180,800
Structural Pest Control Commission	2,021,500	1,925,700	0	65,600	162,200	100,000		2,253,500
Technical Registration, State Board of	1,451,300	1,387,700	0	44,600	88,800			1,521,100
Veterinary Medical Examining Board	421,400	401,600	0	14,300	27,000			442,900
Weights and Measures, Department of	1,406,000	1,476,100	3,800	0	81,100			1,561,000
<b>TOTAL INSPECTION &amp; REGULATION</b>	<b>\$96,635,300</b>	<b>\$93,734,600</b>	<b>\$38,700</b>	<b>\$1,930,200</b>	<b>\$5,428,200</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$101,231,700</b>
<b>NATURAL RESOURCES</b>								
Game and Fish Department, AZ	27,486,400	27,752,100	0	1,359,700	1,861,900			30,973,700
Land Department, State	585,700	450,600	0	0	0			450,600
Parks Board, Arizona State	12,450,800	9,408,800	32,800	290,600	276,100			10,008,300
Water Resources, Department of	0	1,100,000	0	0	0			1,100,000
<b>TOTAL NATURAL RESOURCES</b>	<b>\$40,522,900</b>	<b>\$38,711,500</b>	<b>\$32,800</b>	<b>\$1,650,300</b>	<b>\$2,138,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,532,600</b>
<b>PROTECTION &amp; SAFETY</b>								
Corrections, State Department of	45,209,900	43,621,700	9,700	0	87,400			43,718,800
Criminal Justice Commission, Arizona	6,153,800	5,662,900	2,400	17,200	34,900			5,717,400
Drug & Gang Prevention Resource Center	578,700	546,600	2,200	25,400	42,400			616,600
Emergency & Military Affairs, Dept of	132,700	132,700	0	0	0			132,700
Juvenile Corrections, Department of	6,246,800	4,758,500	0	0	0			4,758,500
Public Safety, Department of	140,699,300	58,161,400	151,400	0	2,491,200			60,804,000
<b>TOTAL PROTECTION &amp; SAFETY</b>	<b>\$199,021,200</b>	<b>\$112,883,800</b>	<b>\$165,700</b>	<b>\$42,600</b>	<b>\$2,655,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$115,748,000</b>
<b>TRANSPORTATION</b>								
Transportation, Department of	413,603,700	414,757,100	0	0	24,650,100	0	0	439,407,200
<b>TOTAL TRANSPORTATION</b>	<b>\$413,603,700</b>	<b>\$414,757,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,650,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$439,407,200</b>
State Employee Pay - Unallocated	626,800	38,837,200	0	0	(32,958,700)			5,878,500
State Employer Health Insurance - Unallocated	0	10,631,700	0	0	(9,239,600)			1,392,100
State Employer Retirement - Unallocated	0	9,290,300	0	0	(8,238,600)			1,051,700
AZNet - Unallocated	0	4,030,500	0	0	(3,021,300)			1,009,200
Attorney Gen'l Legal Svcs Cost Allocation - Unallocat	0	806,900	(739,300)	0	0			67,600
Biennial Annualizations - Unallocated	0	4,900,000	0	(4,803,200)	0			96,800
<b>OPERATING BUDGET TOTAL</b>	<b>\$2,466,138,800</b>	<b>\$2,420,698,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,645,100</b>	<b>\$6,296,000</b>	<b>\$2,436,639,400</b>
<b>OPERATING GRAND TOTAL</b>	<b>\$2,466,138,800</b>	<b>\$2,420,698,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,645,100</b>	<b>\$6,296,000</b>	<b>\$2,436,639,400</b>
Capital	236,718,100	330,681,700	0	0	0	0	0	330,681,700
<b>TOTAL APPROPRIATED</b>	<b>\$2,702,856,900</b>	<b>\$2,751,380,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,645,100</b>	<b>\$6,296,000</b>	<b>\$2,767,321,100</b>

## TABLE 3

### SUMMARY OF GENERAL FUND APPROPRIATIONS FY 2006-07

AREA OF GOVERNMENT	GF APPROPRIATION	% OF TOTAL
GENERAL GOVERNMENT	\$358,358,500	3.55%
EDUCATION	\$5,610,478,800	55.59%
HEALTH & WELFARE	\$2,505,916,500	24.83%
INSPECTION & REGULATION	\$48,396,600	0.48%
NATURAL RESOURCES	\$80,071,300	0.79%
PROTECTION & SAFETY	\$1,083,043,000	10.73%
TRANSPORTATION <u>1/</u>	\$245,082,900	2.43%
OTHER	\$161,704,100	1.60%
TOTAL	\$10,093,051,700	100.00%

1/ Includes \$245M Highway Fund Deposit

**TABLE 4**

**SUMMARY OF OTHER FUND APPROPRIATIONS**

**FY 2006-07**

<b>AREA OF GOVERNMENT</b>	<b>OF APPROPRIATION</b>	<b>% OF TOTAL</b>
GENERAL GOVERNMENT	\$383,928,200	15.76%
EDUCATION	\$479,526,900	19.68%
HEALTH & WELFARE	\$864,768,900	35.49%
INSPECTION & REGULATION	\$101,231,700	4.15%
NATURAL RESOURCES	\$42,532,600	1.75%
PROTECTION & SAFETY	\$115,748,000	4.75%
TRANSPORTATION	\$439,407,200	18.03%
OTHER	\$9,495,900	0.39%
<b>TOTAL</b>	<b>\$2,436,639,400</b>	<b>100.00%</b>

**TABLE 5**  
**SUMMARY OF EDUCATION APPROPRIATIONS**  
**FY 2006-07**

<b>AREA OF EDUCATION</b>	<b>GENERAL FUND</b>	<b>OTHER FUND</b>	<b>TOTAL FUNDS</b>	<b>% OF TOTAL EDUC.</b>	<b>% OF TOTAL STATE</b>
ARTS, COMMISSION ON THE	\$3,888,100	\$0	\$3,888,100	0.06%	0.03%
CHARTER SCHOOLS, STATE BOARD FOR	785,100	0	785,100	0.01%	0.01%
COMMUNITY COLLEGES, STATE BD. OF	165,536,600	0	165,536,600	2.72%	1.32%
DEAF AND THE BLIND, AZ. SCHOOLS FOR THE	21,260,900	13,816,900	35,077,800	0.58%	0.28%
EDUCATION, DEPARTMENT OF	4,028,165,600	56,220,800	4,084,386,400	67.07%	32.60%
HISTORICAL SOCIETY, ARIZONA	4,337,000	193,700	4,530,700	0.07%	0.04%
HISTORICAL SOCIETY, PRESCOTT	750,400	0	750,400	0.01%	0.01%
MEDICAL STUDENT LOANS BOARD	1,500,000	309,800	1,809,800	0.03%	0.01%
POSTSECONDARY EDUCATION, COMM. FOR	6,620,800	2,930,800	9,551,600	0.16%	0.08%
PRIVATE POSTSECONDARY EDUCATION	0	318,400	318,400	0.01%	0.00%
SCHOOL FACILITIES BOARD	413,764,200	0	413,764,200	6.79%	3.30%
BOARD OF REGENTS	14,904,100	0	14,904,100	0.24%	0.12%
ARIZONA STATE UNIVERSITY - MAIN	343,963,300	204,742,800	548,706,100	9.01%	4.38%
ARIZONA STATE UNIVERSITY - EAST	19,804,700	16,620,400	36,425,100	0.60%	0.29%
ARIZONA STATE UNIVERSITY - WEST	48,752,000	20,937,600	69,689,600	1.14%	0.56%
ARIZONA STATE UNIVERSITY - OTHER	10,600,000	0	10,600,000	0.17%	0.08%
NORTHERN ARIZONA UNIVERSITY	135,949,400	39,544,000	175,493,400	2.88%	1.40%
UNIVERSITY OF ARIZONA - MAIN	315,223,100	108,378,100	423,601,200	6.96%	3.38%
UNIVERSITY OF ARIZONA - HEALTH SCIENCES	68,473,500	15,513,600	83,987,100	1.38%	0.67%
UNIVERSITY OF ARIZONA - OTHER	6,200,000	0	6,200,000	0.10%	0.05%
SUBTOTAL- UNIVERSITIES	963,870,100	405,736,500	1,369,606,600	22.49%	10.93%
<b>TOTAL</b>	<b>\$5,610,478,800</b>	<b>\$479,526,900</b>	<b>\$6,090,005,700</b>	<b>100.00%</b>	<b>48.60%</b>

# SECTION III

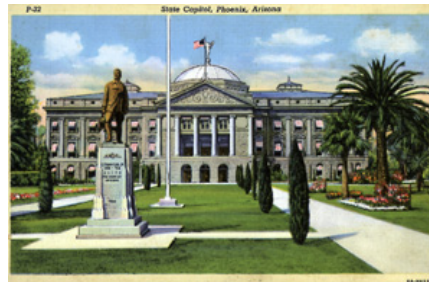
## SUMMARY OF LEGISLATION SECOND REGULAR SESSION

*Session Convened – January 9, 2006*

*Adjourned Sine Die – June 22, 2006*

**General Effective Date of Legislation**

*September 21, 2006*



**STATE OF ARIZONA**

**Forty-Seventh Legislature**

**Second Regular Session**

# COMMITTEE ON APPROPRIATIONS

## BUDGET LEGISLATION SECTION

**Representative Tom Boone, Committee on Appropriations (B) Chairman**  
**Representative Russell K. Pearce, Committee on Appropriations (P)**  
**Chairman**

**Michael Huckins, Legislative Research Analyst**  
**René Guillen, Assistant Research Analyst**  
**Chad Nitsch, Assistant Research Analyst**



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause  
[LIV] Line Item Veto

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*(See Committee on Ways & Means)*

## **HB 2371 – Chapter 331 – \*health and welfare; budget reconciliation**

Contains provisions relating to health and welfare necessary to implement the FY 2006-07 state budget primarily affecting the Arizona Health Care Cost Containment System (AHCCCS), the Department of Economic Security (DES) and the Department of Health Services (DHS).

### ***Department of Administration (ADOA)***

- Modifies the existing state employee insurance trust fund report to include the following:
  - ⇒ Information on state employee actuarial assumptions and methodology for the current year.
  - ⇒ Preliminary estimates for the upcoming plan year.
  - ⇒ Analysis of actuarial soundness of state employee health insurance for the most recent and current plan year.
- Requires the report to be completed by March 1 of each year.
- Prohibits ADOA from making changes to the benefit design of the program in FY 2006-07 without legislative approval.
- Prohibits ADOA from implementing a differentiated health insurance premium in FY 2006-07 based on integrated or non-integrated status of the provider on October 1, 2006.

### ***Arizona Health Care Cost Containment System (AHCCCS)***

- Makes technical corrections for the Budget Neutrality Compliance Fund to the percentage amounts.
- Clarifies that required federal Clawback payments are part of the cost of providing long term care services.
- Limits annual capitation rate adjustments to utilization and inflation.
- Adjusts for an inflation indexing of the Maricopa County contribution for County Acute Care and sets the contribution at \$59,222,500.
- Provides for the county Arizona Long Term Care System (ALTCS) at \$244,880,500.
- Establishes a FY 2006-07 Disproportionate Share Hospitals Withholding amount from the counties.
- Continues the use of \$2,646,200 for Disproportionate Share Uncompensated Care Pool in AHCCCS for all counties, excluding Maricopa.
- Requires AHCCCS to issue a request for proposals (RFP) for privatizing the eligibility determination process by March 31, 2007 and requires the Joint Legislative Budget Committee (JLBC) to review the RFP prior to issuance.
- Provides AHCCCS emergency rulemaking authority through January 1, 2007 for implementing cost-sharing measures in the General Appropriation Act.
- Establishes a new distribution methodology for new Graduate Medical Education (GME) monies with priority given to programs established before July 1, 2006, currently not receiving GME monies.
- Appropriates, and exempts from lapsing, \$4,000,000 from the state GF and gives total expenditure authority of \$12,000,000 for the program in FY 07.
- Requires AHCCCS to establish a Hospital Loan Program (Program) to fund start-up and ongoing costs for residency programs in accredited hospitals.
- States that the Program is subject to legislative appropriation and administered by the Director of AHCCCS.
- Appropriates \$1 million from the State GF for the Program in FY 2006-07.
- Continues the KidsCare Parents (KCP) program until June 30, 2006.
- Provides AHCCCS with rulemaking authority through January 1, 2007 for implementing cost-measures.
- Stipulates that KCP households must pay premiums totaling 3% of net income between 100% and 150% of the Federal Poverty Level (FPL), 4% between 150% and 175% of the FPL, and 5% between 175% and 200% of the FPL.

- Requires AHCCCS to evaluate the methodology used to reimburse hospitals for extraordinary operating costs (outliers) and report to JLBC by October 15, 2006.
- Continues the redetermination period of six months for Temporary Assistance for Needy Families (TANF) Cash Benefit clients over 21.
- Mandates that AHCCCS provide a report to the Legislature on TANF Cash Benefit recipients by February 10, 2007.

***Governor's Council on Workforce Policy***

- Requires the Governor's Council on Workforce Policy to submit an annual report on statewide job training and workforce development spending.
- Stipulates that the report be sent to the Governor, President of the Senate, Speaker of the House of Representatives, and JLBC by September 1, annually.

***Department of Health Services (DHS)***

- Limits annual capitation rate adjustments to utilization and inflation, excluding policy changes approved by the Legislature.
- Appropriates \$2 million from the Tobacco Tax and Medically Needs Account to DHS in FY 2006-07 for grants to community health centers.
- Requires DHS to report to JLBC by July 1, 2007, on whether DHS intends to privatize the state hospital.
- Requires Maricopa and Pima Counties and cities to reimburse DHS for 86% of costs of competency restoration treatment in FY 2006-07. Other counties would no longer have cost-sharing requirements.
- Eliminates the Suicide Prevention Program.
- Repeals sections of Laws 2004, Chapter 117, which redirected all Vital Records Electronic Systems Fund monies into the state GF starting July 1, 2006.
- Requires DHS to revise the current fees to generate no more than \$500,000 into the Vital Records Electronic Systems Fund in FY 2006-07.
- Allows local counties to set their own Vital Records fees.
- Provides emergency rulemaking authority to DHS through January 1, 2007.
- Converts Vital Records Electronic Systems Fund to an appropriated fund retroactive to June 30, 2006.
- Permits DHS, subject to legislative appropriation, to contract with an established firm, meeting specified criteria for services that utilize techniques of discrete trial and natural environment intensive behavioral treatment through applied behavioral analysis, to provide additional children's autism services
- Appropriates, and exempts from lapsing through June 30, 2008, \$1,800,000 from the Tobacco Tax Medically Needy Account in FY 2006-07 to DHS for this purpose.
- Authorizes DHS, subject to legislative appropriation, to contract with an Arizona-based firm that meets specified criteria for providing toddlers with autism services that utilize intensive early intervention, to provide additional children's autism services.
- Appropriates, and exempts from lapsing through June 30, 2008, \$500,000 from the Tobacco Tax Medically Needy Account in FY 2006-07 to DHS for the above purpose.

- Requires DHS to submit to the Governor, President of the Senate, Speaker of the House of Representatives and JLBC an evaluation of both the new autism services by March 1, 2007.

***Department of Economic Security (DES)***

- Requires any unspent monies of the \$1 million appropriated to DES for the Adoption Services – Family Preservation Projects special line item to revert back to the TANF Block Grant at the end of FY 2005-06.
- Allows DES in FY 2006-07 to reduce the maximum income eligibility levels for child care assistance in order to manage within available monies.
- Requires DES to notify JLBC within fifteen days of any changes made to the income eligibility levels for child care assistance.
- Mandates that DES revert \$800,000 of its FY 2006-07 GF operating budget for the Division of Employment and Rehabilitation Services to the child care eligibility and rate statutes enacted in 2005 if DES has not fully implemented the reforms by January 1, 2007.
- Stipulates DES must report to JLBC when all reforms to the child care eligibility and rate statutes enacted in 2005 have been fully implemented.
- Exempts DES from the rule making process through January 1, 2007 to implement the reforms to the child care eligibility and rate statutes enacted in 2005.
- Allows DES, subject to legislative appropriation, to provide children's autism services through the Division of Developmental Disabilities to children who have or are at risk of having autism.
- Stipulates that DES shall implement the above provision by entering into a contract with any organization for training and oversight of habilitation workers to utilize intensive behavioral treatment through applied behavioral analysis.
- Appropriates \$200,000 from the Medically Needy Account which consists of Tobacco Tax funds to DES for a contract to provide children's autism services as indicated above.
- Exempts the appropriation from lapsing through June 30, 2008 at which time any unspent funds will revert to the Medically Needy Account.
- Specifies DES shall evaluate their children's autism services program and submit a report with findings and recommendations to the Governor, Speaker of the House, President of the Senate, JLBC, Secretary of State, and the Director of the Arizona State Library on or before March 1, 2007.
- Indicates the report shall include at least the following:
  - ⇒ The number of persons receiving autism services.
  - ⇒ The length of time each person received services.
  - ⇒ The cost of services provided to each person by year.
  - ⇒ The impact of services in rural and urban areas.
  - ⇒ A recommendation on the success of the services and whether to continue them on a statewide basis.

**HB 2863 – Chapter 344 – general appropriations: fiscal year 2006-2007.**

Makes general fund and other fund appropriations for FY 2006-07 for the operation of state government and public schools. The table below indicates general fund (GF), other fund (OF) changes from the prior fiscal year other than standard and technical changes.

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
<b>Arizona Department of Administration</b>			
AZNET Lease	GF		\$894,000

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
Risk Mgmt. Losses & Premiums	OF		\$4,498,600
Worker's Comp. Losses & Premiums	OF		(\$69,800)
One-time Telecom Equipment	OF		(\$750,100)
Telecom Office	OF		\$725,600
HRIS COP Payment	OF		\$1,238,400
Enterprise Data Storage Upgrade	OF		\$500,000

Arizona Health Care Cost Containment System			
Enrollment and Inflation Growth	GF		\$109,892,000
Tobacco Settlement Offset	GF		\$3,252,000
Tobacco Tax Revisions	GF		(\$2,700,000)
KidsCare Parents	GF		\$10,289,300
Medicare Part D Co-Pays	GF		\$1,500,000
HIPAA Compliance	GF	One-time	\$350,000
Tobacco Tax – Medically Needy	OF		\$4,033,700
Tobacco Tax – Emergency Services	OF		\$1,448,300
KidsCare Caseload & Capitation Rate Growth	OF		\$13,831,900
KidsCare Parents Expiration	OF		\$5,068,100
BNCF Statutory Adjustment	OF		\$136,500
KidsCare FMAP Adjustment	OF		(\$80,800)
HIPAA Compliance	OF	CHIP Fund	\$152,400
<ul style="list-style-type: none"> <li>Requires AHCCCS to report to JLBC by November 30, 2006 on the fiscal impact of implementing the provisions of the Deficit Reduction Act that allow greater flexibility in the Medicaid program.</li> </ul>			

Attorney General – Department of Law			
ISA Cost Allocation to All Agencies	GF		(\$6,041,000)
ISA Cost Allocation	OF		\$6,041,000

Board of Barbers			
Supplemental for Increased Insp.	OF		\$44,000

Department of Commerce			
Military Base Economic Impact Study	GF	One-time	\$250,000

Arizona Community Colleges			
Operating State Aid Formula	GF		\$4,175,700
Capital Outlay State Aid Formula	GF		\$715,900
Equalization Aid Formula	GF		\$2,569,300
Law/Fire Academy Capital	GF	One-time	\$3,000,000

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
<b>Registrar of Contractors</b>			
OAH Hearings - Move to OAH	OF		\$31,000
<b>Corporation Commission</b>			
One-time Equipment Reduction	OF		(\$224,100)
IT Staffing	OF		\$402,800
General Counsel Staffing	OF		\$67,500
Engineering Staffing	OF		\$102,700
<ul style="list-style-type: none"> <li>States that monies appropriated for corporation filings same-day services revert to the Public Access Fund after FY 2006-07 if the Commission cannot meet specified timelines.</li> </ul>			
<b>State Department of Corrections</b>			
Partial Year Funding of New Prison Beds	GF		\$15,276,600
Population Growth	GF		2,000,000
Correctional Officer Pay	GF	\$2,943 above Chapter 1	\$8,751,300
Expiring Federal Funds	GF		\$15,555,500
Van Pool	GF	One-time	\$1,500,000
Health Care	GF		\$3,742,800
Fuel Costs	GF		\$520,800
Fund Provisional Bed Contracts	GF		\$9,825,200
Private Bed Contract Increases	GF		\$2,382,600
Adjust 1,000 Beds Opening Date	GF	One-time	(\$2,238,600)
All Other Operating Expenses	GF		\$9,900,000
One-time Equipment	OF		(\$1,500,000)
Transition Office Fund	OF		(\$171,400)
Transition Program Drug Fund	OF		\$100,000
<b>Arizona State Schools for the Deaf and the Blind</b>			
Telecommunications Excise Tax Fund Shift	GF		\$991,400
School Bus Replacement	GF		\$850,000
Assistive Technology	GF	One-time	\$110,000
Air Conditioning for Dorms	GF	One-time	\$300,000
Telecom Excise Tax Fund Shift	OF		(\$991,400)
<b>Department of Economic Security</b>			
DD Title 19 Long Term Care	GF		\$19,499,900
Provider Adjustments	GF		\$4,505,300
Domestic Violence Support	GF		\$2,818,800
Adoption Services	GF		\$2,149,000
Permanent Guardianship	GF		\$2,713,000

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
Foster Care/Adoption Rate Increase	GF		\$6,329,000
Residential Drug Treatment	GF		(\$75,000)
Child Care Market Rate Survey	GF		\$7,850,000
Elderly Services	GF		\$4,000,000
Vocational Rehabilitation	GF		\$2,909,200
TANF Caseload Decline	OF		(\$17,253,700)
Coolidge Eligibility Fund Transfer	OF		(\$2,544,300)

Department of Education			
Basic State Aid and Other Formula Growth	GF		\$227,100,400
Truth in Taxation Revision	GF		\$10,215,600
Information Technology	GF	One-time	\$2,500,000
Agency Information Factory	GF		(\$532,800)
Achievement Testing	GF		\$3,057,700
ADM Auditing	GF		\$291,100
2.4% Base Support Increase	GF	Approp in K-12 brb	\$100,000,000
Full-day Kindergarten	GF	Approp in K-12 brb	\$80,000,000
Group B Weight Increase	GF		\$5,000,000
JTED 2% inflation or 2xQTR	GF		\$846,000
Charter Additional Assistance	GF		\$3,000,000
State Board of Ed Staffing	GF		\$1,000,000
Endowment Earnings	OF		\$1,997,700

Department of Emergency and Military Affairs			
NO ADJUSTMENTS	----		\$--0--

Department of Environmental Quality			
WQARF Transfer	GF		\$4,000,000
Water Permit Increases	GF	One-time	\$200,000
In-Lieu Fee Expiration	GF		\$500,000
Maricopa/Pima/Pinal Travel Reduction	GF		\$1,676,900
School Bus/Air Quality Grants	OF		(\$4,000,000)
In Lieu Fee Expiration	OF		(\$500,000)
Indirect Cost Recovery	OF		(\$2,194,500)
Water Permits Increases	OF	One-time	\$200,000
<ul style="list-style-type: none"> <li>Allocates monies for travel reduction programs in specific amounts.</li> <li>States that DEQ shall submit a report to the JLBC by December 1, 2006 on water quality permit processing.</li> </ul>			

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
<b>State Board of Equalization</b>			
NO ADJUSTMENTS	----		\$--0--
<b>State Department of Financial Institutions</b>			
Document Imaging	GF		\$45,000
Regulatory Enforcement Unit	GF		\$65,300
Financial Institutions Examiners	GF		\$50,400
<b>Arizona Game and Fish Department</b>			
Lower Colorado Agreement	OF		\$350,000
Watercraft DUI	OF		\$160,000
Watercraft Safety Education	OF		\$290,000
Salaries	OF		\$1,100,000
Fuel	OF		\$74,600
<b>Office of the Governor</b>			
NO ADJUSTMENTS	----		\$--0--
<b>Governor's Office of Strategic Planning and Budgeting</b>			
NO ADJUSTMENTS	----		\$--0--
<b>Department of Health Services</b>			
Title XIX Caseload	GF		\$29,884,300
ASH Backfill	GF		\$1,600,000
ASH Pay	GF		\$3,100,000
Medicare Part D Copays	GF		\$480,000
Eliminate One-time Project	GF		(\$200,000)
Dr. Loan Repayment - Fund Shift	GF		\$100,000
Backfill Poison Control Revenue	GF		\$2,200,000
Lab Services	GF		\$300,000
Licensing Staffing	GF		\$745,900
Non-Maricopa/Pima RTC Funding	GF		\$1,600,000
Alzheimer's Research	GF	One-time	\$3,000,000
Abstinence Education	GF		\$500,000
Women's Services	GF		\$500,000
Poison Control Fund Revenue Alignment	OF		(\$2,200,000)
Eliminate One-time Alzheimer's Funding	OF		(\$3,000,000)
Newborn Screening Additional Tests	OF		\$2,239,400
Nursing Care Incentive Grants	OF		\$128,500
Licensure Backlog	OF		(\$200,000)

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
Dr. Loan Repayment Fund Shift	OF		(\$100,000)
ASH Backfill	OF		(\$1,600,000)
Eliminate Non-Maricopa/Pima RTC Costs	OF		(\$1,600,000)
Vital Records Operating	OF		\$500,000

Judiciary – Supreme Court			
CASA Shortfall	GF		\$102,000
Rent Reallocation	GF		\$1,690,700
FY 07 Judges Pay (Enacted)	GF		\$45,400
Law Clerk Market Adjustment	GF		\$47,800
JCEF Backfill	GF		\$2,000,000
Rent Reallocation	OF		(\$1,037,900)
Probation Surcharge Shift to JCEF	OF		(\$2,723,800)
CASA Fund Shift	OF		(\$102,000)

Judiciary – Court of Appeals			
Annualization of '06 FTEs	GF		\$117,200
Administrative Expenses	GF		\$136,700
Law Clerk Market Adjustment	GF		\$205,400
FY 07 Judges Pay (Enacted)	GF		\$193,700

Judiciary – Superior Court			
FY 07 Judges Pay (Enacted)	GF		\$702,500
Drug Court (Enacted)	GF		\$1,000,000
3 New Judgeships	GF		\$266,100
Probation Surcharge Shift	OF		\$2,723,800

Department of Juvenile Corrections			
Eliminate One-time Funding	GF		(\$763,500)
Population Growth	GF		\$818,000
CRIPA	GF	One-time	\$495,000
Land Trust Offset	GF		\$2,265,100
YCO Salaries	GF	\$1,700 above Chapter 1	\$888,400
State Juvenile Education System Adjustment	OF		\$336,800
Fund Shift	OF		(\$2,265,100)
Well Renovation	OF		\$340,000
Population Growth	OF		\$100,000
State Land Department			
Eliminate One-time Funding	GF		(\$639,700)

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
Eliminate One-time Fire Equipment	GF		(\$272,700)
Trust Management Staff	GF	\$500K One-time	\$1,829,100
Radio System Upgrade	GF		\$96,000
CAP Fee Reduction	GF		(\$511,400)
Fire Suppression	GF	\$1.5 M One-time	\$1,628,900
NRCD Funding	GF		\$250,000
Wineglass Ranch Dam Safety	OF		(\$319,600)
Dam Repair	OF		\$230,600
NRCD Fund Shift	OF		(\$46,100)
<b>Legislature – Auditor General</b>			
Salary Adjustments	GF		\$1,400,000
Homeland Security Audits	GF		\$150,000
<b>Legislature – House of Representatives</b>			
NO ADJUSTMENTS	----		\$--0--
<b>Legislature – Joint Legislative Budget Committee</b>			
NO ADJUSTMENTS	----		\$--0--
<b>Legislature – Legislative Council</b>			
NO ADJUSTMENTS	----		\$--0--
<b>Legislature – Arizona State Library, Archives and Public Records</b>			
1 FTE	----	Already Funded	\$--0--
<b>Legislature – Senate</b>			
NO ADJUSTMENTS	----		\$--0--
<b>Board of Medical Student Loans</b>			
Eliminate Medical Board Funding	OF		(\$283,400)
Medical Student Loan Fund Increase	OF		\$296,600
<b>Arizona Navigable Stream Adjudication Commission</b>			
Appeals and Reports	GF		\$142,000
<b>State Board of Dispensing Opticians</b>			
Salary	OF		\$5,800
<b>Arizona Pioneers' Home</b>			
Fund Shift	GF		\$800,100
Fund Shift	OF		(\$800,100)

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
<b>Commission for Postsecondary Education</b>			
Private School Grants	GF		\$229,100
College Savings Program Increases	OF		\$20,700
<b>Department of Public Safety</b>			
Sex Offender Compliance – 8 FTEs	GF		\$699,700
Highway Patrol – 46 FTEs	GF		\$5,360,000
HURF Shift	GF		\$54,058,400
State Highway Fund Shift to Cap	GF		\$33,175,300
Fuel Budget	GF		\$1,522,300
911 Call Takers – 4 FTEs	GF		\$161,700
Support Staff – 5 FTEs	GF		\$429,900
GITEM Expansion – 100 FTEs	GF		\$7,000,000
GITEM Expansion – Locals	GF		\$10,000,000
Eliminate One-time Equipment	OF		(\$1,728,800)
Sworn Pay Adjustment	OF		\$2,768,100
Mobile Data Computers	OF		(\$339,400)
HURF Shift to Cap	OF		(\$51,374,600)
State Highway Fund Shift to Cap	OF		(\$31,531,800)
Helicopters	OF		\$12,100
Fingerprint Equipment	OF		\$807,800
Crime Lab Staff – 11 FTEs	OF		\$881,000
Sex Offender Fund Shift (5) FTEs	OF		(\$355,500)
<ul style="list-style-type: none"> <li>Requires the department to report to JLBC on sworn personnel and crime lab staffing levels and shall include progress in filling additional officers appropriated in FYs 2005-06 and 2006-07.</li> <li>Requires municipalities to enter into a memorandum of understanding with the Department of Homeland Security in order to receive increased GITEM monies.</li> <li>Requires a take home vehicle report to JLBC by October 1, 2006.</li> </ul>			
<b>Radiation Regulatory Agency</b>			
Increased Inspectors	GF		\$255,400
<b>Arizona State Retirement System</b>			
Retirement Staffing	OF		\$495,800
One-time Costs	OF		(\$3,632,900)
<b>Department of Revenue</b>			
Unclaimed Property	OF		\$1,770,000
Imaging Project	OF		\$83,000

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
<b>School Facilities Board</b>			
Deficiency Correction	GF		(\$20,000,000)
One-time Payment Holiday	GF		\$23,590,100
Fund Lease-Purchase Payment	GF		\$1,203,300
Building Renewal	GF		\$16,283,500
<b>Secretary of State</b>			
State Elections	GF		\$3,400,000
High Speed Copier	GF		\$200,000
Business Services	GF	2 FTEs	\$82,400
Election Services	GF	2 FTEs	\$105,500
HAVA Appropriation	OF		(\$20,000,000)
Professional Employers	OF		\$162,400
<b>Department of Transportation</b>			
One-time Costs	OF		(\$422,800)
Certified Ignition Interlock Devices	OF		(\$310,500)
Third Party Drivers Licenses	OF		(\$45,300)
Phone System	OF		(\$410,100)
Highway Maintenance Workload - New Miles	OF		\$1,762,600
MVD Customer Service Workload	OF	25 FTEs	\$1,099,500
MVD Call Center	OF	4 FTEs	\$166,500
MVD Title & Registration Third Parties	OF	6 FTEs	\$265,200
MVD Nogales Port-of-Entry	OF	2 FTEs	\$163,800
MVD VIN Inspection Third Parties	OF	2 FTEs	\$88,400
New Comprehensive MVD Computer Plan	OF		\$500,000
Equipment Revolving Fund	OF		\$1,658,700
Abandoned Vehicle Registration Processing	OF	3 FTEs	\$147,000
<ul style="list-style-type: none"> <li>Requires the department to report quarterly to JLBC on the progress of improving MVD wait times and clarifies when wait times begin.</li> <li>Requires ADOT to report quarterly to JLBC on increasing third-party transaction review standards.</li> </ul>			
<b>State Treasurer</b>			
Justice of the Peace Salaries	GF		\$173,500
<b>Arizona Board of Regents</b>			
32 WICHE Subsidies	GF		\$671,600

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
<b>Arizona State University – Main Campus</b>			
ASU Main 155 Credit Hour Cap	GF		(\$952,000)
ASU Main Enrollment Formula	GF		\$14,193,500
ASU Discretionary Funding	GF		\$10,600,000
Enrollment Growth	OF		\$8,570,100
<ul style="list-style-type: none"> <li>Requires ASU to provide full program budget detail in budget requests for the Downtown Phoenix Campus (DPC) and requires JLBC review of transfers to or from the DPC SLI.</li> </ul>			
<b>Arizona State University – East Campus</b>			
ASU East 155 Credit Hour Cap	GF		(\$49,700)
ASU East Enrollment Formula	GF		\$2,743,600
Enrollment Growth	OF		\$1,659,000
<b>Arizona State University – West Campus</b>			
ASU West 155 Credit Hour Cap	GF		(\$65,400)
ASU West Enrollment Formula	GF		\$1,453,300
Enrollment Growth	OF		\$890,300
<b>Northern Arizona University</b>			
NAU 155 Credit Hour Cap	GF		(\$186,000)
NAU Discretionary Funding	GF		\$3,200,000
<b>University of Arizona – Main Campus</b>			
UA Main 155 Credit Hour Cap	GF		(\$580,500)
UA Main Enrollment Formula	GF		\$411,700
UA South	GF	One-time	\$1,200,000
Ag Extension Services	GF	Part of new SLI	\$1,500,000
UA Discretionary Funding	GF		\$6,200,000
Enrollment Growth	OF		\$246,800
<b>University of Arizona – Health Sciences Center</b>			
UA HSC 155 Credit Hour Cap	GF		(\$91,300)
UA HSC Enrollment Formula	GF		\$1,033,100
Teratogen Fund Replacement	GF		\$60,000
Enrollment Growth	OF		\$610,200
<b>Department of Veteran's Services</b>			
Veteran Benefit Counselors	GF		\$1,125,000
Rural Arizona Outreach Program	GF		\$50,000
Northern AZ Veterans' Cemetery	GF		\$182,700
Southern AZ Veterans' Cemetery Maintenance	GF		\$121,500

Summary of Changes	Fund Source	Comments	FY 2006-07 Changes Above FY 2005-06
<b>Department of Water Resources</b>			
Adjudication Support	GF	One-time	\$500,000
Automated Groundwater Monitoring	GF		\$500,000
Indian Firming	GF	One-time	\$13,500,000
Assured/Adequate Water Supply	OF		\$1,100,000
<b>Department of Weights and Measures</b>			
Computer Equipment	GF		\$22,000
Vapor Recovery Inspection FTE	OF		\$45,100
Field Inspectors	OF		\$42,600

***Other Appropriations and Fund Deposits***

- Appropriates \$274,158,600 from the State GF in FY 2006-07 for deposit in various funds as follows:
  - ⇒ \$9,808,600 in the budget stabilization fund.
  - ⇒ \$850,000 in the telecommunication fund for the deaf.
  - ⇒ \$245,000,000 in a separate account of the state highway fund to be known as the state transportation acceleration needs (STAN) account. Requires any other assets received due to the deposit of these monies be deposited in the account.
  - ⇒ \$13,500,000 in the Arizona water banking fund to carry out state obligations related to Indian firming. Requires reporting of the expenditure plans for these monies to JLBC.
  - ⇒ \$5,000,000 in the arts endowment fund to complete deposits in the fund as required by statute.
- Appropriates \$62 million from the state highway fund in FY 2006-07 for deposit in the STAN account. Requires any other assets received due to the deposit of these monies be deposited in the account.

<b>Other Operating Adjustments</b>			
Area of Adjustment	General Fund (GF)	Other Fund (OF)	Total
Attorney General Cost Allocation	\$4,595,700	\$806,900	\$5,402,600
State Employee Health Insurance	\$28,695,900	\$10,631,700	\$39,327,600
State Employee Retirement	\$27,635,500	\$9,290,300	\$36,925,800
State Telecommunications	\$5,300,600	\$4,030,500	\$9,331,100
Biennial Agency Operating Adjustments	\$1,500,000	\$4,900,000	\$6,400,000

**HB 2864 – Chapter 316 – supplemental appropriations; budget reconciliation.**

Provides state general fund (GF) and other fund (OF) supplemental appropriations for FY 2005-06.

***Department of Education***

Supplemental Purpose	GF	OF
Basic State Aid	\$16,706,500	-
Achievement Testing	\$1,402,200	-
Supplemental State Aid	\$711,600	-
Certificates of Educational Convenience	\$582,100	-
Decreased State Aid to Schools costs	(\$3,087,000)	-
Decreased Optional Performance Incentive Program costs	(\$120,000)	-
Permanent State School Fund for Basic State Aid	-	\$7,072,000

- Requires the Department of Education to compute a 160-day average daily membership (ADM) and report those numbers to the Joint Legislative Budget Committee (JLBC) Director by February 1, 2007.
- Clarifies that the 160-day ADM count must not be used for basic state aid formula funding purposes.

***Department of Health Services***

<b>Supplemental Purpose</b>	<b>Total Expenditure Authority</b>	<b>GF</b>	<b>OF</b>
Medicare Clawback Payments	-	\$3,715,200	-
Shift of Poison Control Fund monies to GF for poison control centers	-	\$350,000	(\$350,000)
State Health Lab operating costs	-	\$175,000	-
Behavioral Health	\$7,600,000	\$2,500,000	-

***Department of Revenue***

<b>Supplemental Purpose</b>	<b>GF</b>	<b>OF</b>
Unclaimed property printing and advertising costs (Unclaimed Property Fund)	-	\$135,000
<i>Kerr</i> lawsuit administration	\$975,000	-

***State Department of Corrections***

<b>Supplemental Purpose</b>	<b>GF</b>	<b>OF</b>
Overtime and compensatory time payments	\$6,427,800	-
Health-Related Expenditures & All Other Operating Expenditures	\$3,472,200	-

- Appropriates \$54,205,600 from the state GF to the Department of Corrections in FY 2005-2006 for employer health and dental insurance contributions.
- Obligates the State Department of Corrections to use \$5,089,000 for all other operating expenditures and \$4,911,000 for non-health related all other operating expenditures in FY 2005-2006.

***State Board of Equalization***

<b>Supplemental Purpose</b>	<b>GF</b>	<b>OF</b>
Designing and Programming a new computer system	\$323,200	-

- Exempts the appropriation from lapsing through June 30, 2007.

***State Supreme Court***

<b>Supplemental Purpose</b>	<b>GF</b>	<b>OF</b>
Outstanding state invoices in FY 2004-2005	\$144,500	-
State grand jury expenses in FY 2005-2006	\$132,200	-
Postconviction relief expenses	\$112,000	-

***Arizona Health Care Cost Containment System (AHCCCS)***

- Requires AHCCCS administration to expend \$16,162,900 to qualifying county operated hospitals for disproportionate share payments.
- Requires the state treasurer to withhold an additional \$16,162,900 from the state transaction privilege tax (TPT) revenues from counties with a population of at least 1.5 million people.
- Authorizes the State Treasurer to withhold TPT revenues in FY 2006-07, if necessary, so that the total amount withheld equals \$16,162,900.

***Department of Administration***

- Deposits \$10,000,000 into the Health Insurance Trust Fund for health and dental insurance premiums.

***Arizona State Retirement System***

- Extends lapsing date of FY 2004, FY 2005, and FY 2006 Information Technology Plan appropriations to June 30, 2007.

***Department of Emergency and Military Affairs (DEMA)***

- Exempts monies appropriated to DEMA for Project Challenge in FY 2005-06 from lapsing through June 30, 2007.

**HB 2865 – Chapter 345 – capital outlay; fiscal year 2006-2007.**

Appropriates \$9,095,700 in other funds (OF) and \$23,849,200 from the State GF for maintenance and repair of state buildings and \$258,558,000 OF and \$52,000,000 GF for various major capital projects in FY 2006-07. In addition, HB2865 makes various other capital related appropriations.

***Department of Economic Security (DES)***

- Modifies Laws 2005, chapter 298, section 7 to specify that the appropriation made to DES is for a property conveyance with Prescott and the real property acquisition costs.
- Adds that if DES conveys specific real property to the city of Prescott, DES may retain any proceeds and may use them for moving costs and to acquire real property for providing office space.
- Specifies that unexpended proceeds from the property conveyance do not lapse to the state GF until any of the following occur:
  - ⇒ The purpose for which the funds are authorized have been accomplished.
  - ⇒ The purpose for which the funds are authorized have been abandoned.
  - ⇒ The appropriation stands for a full fiscal year without an expenditure or an encumbrance.

***Building Renewal***

- Appropriates the following amounts for major maintenance and repair activities for state buildings in FY 2006-07.

⇒ **Arizona Board of Regents (\$20,000,000)**

- \$20,000,000 from the State GF

⇒ **Department of Administration (ADOA) (\$7,249,200)**

- \$3,849,200 from the State GF
- \$3,400,000 from the Capital Outlay Stabilization Fund (COSF)

⇒ **Department of Transportation (ADOT) (\$3,702,900)**

- \$3,627,100 from the State Highway Fund (SHF)
- \$75,800 from the State Aviation Fund (SAF)

⇒ **Arizona Exposition and State Fair Board (\$1,508,400)**

- \$1,508,400 from the Arizona Exposition and State Fair Fund (AESF)

- ⇒ **Game and Fish Department (\$430,800)**
  - \$430,800 from the Game and Fish Fund
- ⇒ **Arizona Lottery Commission (\$53,600)**
  - \$53,600 from the State Lottery Fund

***Capital Projects***

<b>Department</b>	<b>Project</b>	<b>Fund Source</b>	<b>Amount</b>
Arizona Department of Administration	Prison Cell Lock and Door Replacement	General Fund	\$5,200,000
	Yuma Prison Water Treatment Plant	Corrections Fund	\$2,189,000
		<b>Total (ADOA)</b>	\$7,389,000
Game and Fish Department	Flood Warning System	Game and Fish Capital Improvement Fund	\$350,000
	Black Canyon Dam Modifications	Game and Fish Capital Improvement Fund	\$300,000
	Shooting Range Access Improvements	Game and Fish Capital Improvement Fund	\$200,000
	Migratory Waterfowl Habitat	Waterfowl Conservation Fund	\$100,000
	Cluff Ranch Access Improvements	Game and Fish Fund	\$50,000
	Yuma Storage Canopy	Game and Fish Fund	\$35,000
	Yuma Office Security System	Game and Fish Fund	\$30,000
	House Rock Driveway Surfacing	Game and Fish Fund	\$25,000
	Statewide Preventative Maintenance	Game and Fish Fund	\$15,000
	Flagstaff Office Parking Gate	Game and Fish Fund	\$10,000
	Yuma Office Fence	Game and Fish Fund	\$10,000
		<b>Total (G &amp; F)</b>	\$1,125,000
Arizona Department of Transportation	Statewide Highway Construction Controlled Access Highways	State Highway Fund	\$226,273,000
	Airport Planning and Development	State Aviation Fund	\$20,464,200
	Glendale Airport Civil Air Patrol Improvements	State Aviation Fund	\$200,000
	Grand Canyon airport modular housing	State Aviation Fund	\$2,500,000

	Surprise MVD Service Center	State Highway Fund	\$2,736,200
	Asphalt Storage Tanks	State Highway Fund	\$1,587,600
	De-Icer Buildings	State Highway Fund	\$1,478,000
		<b>Total (ADOT)</b>	\$255,239,000

- Requires ADOT to submit information on professional and outside services funded from the capital budget to the JCCR by July 1, 2006, before expending monies for professional and outside services.
- Specifies that the submitted information must contain at least as much detail as ADOT's annual operating budget.

#### ***Microwave Communications System***

- Appropriates \$1,500,000 from the state GF in FY 2006-07 through FY 2008-09 to DPS for the design, construction and implementation of a microwave communications system upgrade.
- Appropriates \$826,000 from the state highway fund in FY 2006-07 through FY 2008-09 to ADOT for distribution to DPS for the design, construction and implementation of a microwave communications system upgrade.
- Appropriates \$207,000 from the game and fish fund in FY 2006-07 through FY 2008-09 to the Game and Fish Department for distribution to DPS for the design, construction and implementation of a microwave communications system upgrade.
- Requires DPS to submit an expenditure plan and project timeline to JLBC before expending any monies appropriated for the microwave communications system upgrade.
- Specifies that the report must include the results of the project investment justification approval by the information technology authorization committee.
- Requires DPS to submit a report regarding expenditures and progress to JLBC for review by December 31, 2006 and June 30, 2007.
- Contains intent language indicating that \$1,600,000 of federal homeland security monies be distributed in FY 2006-07 through FY 2008-09 to fund the microwave communications system upgrade.
- Authorizes DPS to use up to \$295,000 and 4 FTEs annually to provide project management for the microwave communications system upgrade.

#### ***City of Williams Dam***

- Appropriates \$1,500,000 from the state GF in FY 2006-07 to ADWR to repair the City of Williams Dam.
- Specifies that the appropriation is to be used in conjunction with \$136,000 in local monies and in-kind contributions.

#### ***Statewide Transportation Acceleration Needs (STAN)***

- Establishes the Statewide Transportation Acceleration Needs account as a separate account in the state highway fund. Stipulates that the STAN account consists of the following:
  - ⇒ Monies appropriated by the Legislature.
  - ⇒ Monies designated for deposit in the account by the transportation board (board), a state agency or a political subdivision.
  - ⇒ Monies from the United State government for the purpose of accelerating transportation projects.
  - ⇒ Monies received from political subdivisions, Indian tribes or this state or its agencies for the purpose of accelerating transportation projects.

- ⇒ Interest and other income received from investing monies in the account.
- ⇒ Gifts, grants, donations or other amounts received from any public or private source for deposit in the STAN account.
- Authorizes the State Treasurer, on notice from the board, to invest and divest monies in the STAN account, with monies earned credited to the account.
- Permits the board to establish subaccounts in the STAN account as it determines to be necessary to carry out transportation acceleration projects.
- Stipulates that if a governmental entity or a private person deposits monies in the STAN account for a specific project then those monies shall be used solely for the project indicated, subject to approval from the appropriate regional planning agency (RPA) or council of governments in cooperation with the board.
- Specifies that the board shall not make any expenditure of STAN monies unless it is made in accordance with a county's 20-year regional transportation plan or ADOT's long-range statewide transportation plan.
- Stipulates that STAN monies may only be used for the following:
  - ⇒ Material and labor.
  - ⇒ Acquisition of rights-of-way for highway needs.
  - ⇒ Design and other engineering services.
  - ⇒ Other directly related costs approved by the board.
- Requires STAN monies appropriated by the Legislature be allocated as follows:
  - ⇒ 60% to a county with a population of 1,200,000 persons or greater for the area included in the RPA's transportation improvement plan.
  - ⇒ 16% to a county with a population of 500,000 persons, but less than 1,200,000, for the area included in the RPA's transportation improvement plan.
  - ⇒ 24% for all other counties.
- Requires entities to establish a process to review and approve transportation projects eligible to receive STAN monies.
- Specifies that as part of the entity's request for monies, the entity must ensure that all costs not covered by STAN monies are available and dedicated to the project.
- Specifies that monies in the fund are to be used to supplement and not supplant funding that would otherwise be made available for projects.
- Requires the board to submit a report on its activities regarding the acceleration of transportation monies to the Governor, the President of the Senate and the Speaker of the House of Representatives, on or before July 1 of each year.

***Navajo Nation Multipurpose Facility***

- Appropriates \$450,000 from the state GF in FY 2006-07 to DES to be combined with equal matching monies from the Navajo nation for a multipurpose facility at the Dennehotso Chapter.

***Prescott Historical Society***

- Appropriates \$400,000 from the state GF in FY 2006-07 to the Prescott Historical Society to be combined with equal matching monies from non-state sources for planning, design and construction of a maintenance and workshop facility.

***Arizona State Schools for the Deaf and the Blind (ASDB)***

- Appropriates \$19,000,000 from the state GF in FY 2006-07 to ASDB for new facilities and building renovations at the Phoenix and Tucson Campuses.

- Stipulates that ASDB must submit a preliminary expenditure plan and proposed procurement method, or methods, to JCCR for review prior to issuing any requests for proposals or procuring any services related to the appropriation.
- Requires ASDB to submit the scope, purpose and estimated cost of the projects to JCCR for review before undertaking any construction activities.

#### ***Williams Improvements and Fire Suppression***

- Appropriates \$1,105,000 from the state GF in FY 2006-07 to ADOT for intersection improvements adjacent to the former Williams Air Force Base and a fire suppression system service line at Williams Gateway Airport.

#### ***State Archives and History Building***

- Appropriates \$8,000,000 from the state GF in FY 2007-08 to Legislative Council for the completion of the Polly Rosenbaum state archives and history building.

#### ***General Provisions***

- Stipulates that the monies appropriated shall not be used for personal services or employee-related expenditures of state employees, excluding services provided as part of the inmate construction program for correctional facilities.
- Specifies that, unless otherwise specified, the appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance.

### **HB 2866 – Chapter 346 – budget procedures; budget reconciliation.**

Makes various changes related to budget procedures within state government necessary to implement the FY 2006-07 state budget.

#### ***Department of Administration***

- Requires agencies that must develop and submit a five-year strategic plan to also provide an executive summary of the plan not to exceed five pages in length.

#### ***Government Information Technology Agency***

- Establishes the State Web Portal Fund (Fund), subject to legislative appropriation, to be administered by the Government Information Technology Agency. States that the Fund must consist of:
  - ⇒ Monies appropriated by the Legislature.
  - ⇒ Any web portal fees collected under an agreement between the state and an independent contractor providing services for the common web portal minus the contractor's maintenance and operation fee.
  - ⇒ Monies received from private grants or donations.
  - ⇒ Monies received from the federal government.
- Allows monies in the Fund to be used for improving or expanding the state's information technology services and projects, including the web portal.
- Exempts monies in the Fund from lapsing and appropriates all receipts in the Fund in FY 2006-07 to GITA. Requires JLBC review of planned expenditures before any expenditure are made from the Fund in FY 2006-07.
- Requires JLBC review of the fiscal provisions of the contract, including a list of services and their associated fees and fee sharing arrangements, after executing but before implementing any new contract for the state web portal in FY 2006-07.

#### ***Department of Revenue***

- Requires DOR to receive legislative authorization prior to executing any future extension or modification of the current business reengineering/integrated tax system (BRITS) contract with a fiscal impact.

### ***Miscellaneous***

- States that by October 1, 2006 the Governor's Office of Strategic Planning and Budgeting (OSPB) must submit to the JLBC proposed program budgeting structures for various agencies that have not yet converted to program budgeting.

### **HB 2867 – Chapter 347 – case settlements; budget reconciliation.**

Allocates \$94,800,100 to the Department of Revenue in FY 2006-07 to pay for costs associated with the Ladewig v. State of Arizona settlement and appropriates \$15,000,000 from the state GF for the Kerr v. State of Arizona settlement.

#### ***Ladewig v. State of Arizona***

- Appropriates \$94,800,100 from the state GF to DOR in FY 2006-07 for the Ladewig v. State of Arizona settlement.
- Allows up to \$1,000,000 of the total appropriation in FY 2006-07 to be used by DOR for administration and review of payments of the case upon Joint Legislative Budget Committee approval of DOR's expenditure plan which must include the estimate and scope of administrative expenditures.
- Stipulates that any unused funds for the case revert to the state GF.
- Reverts any unclaimed property associated with the case in FY 2006-07 back to the state GF.

#### ***Kerr v. State of Arizona***

- Allocates \$15,000,000 from the state GF in FY 2006-07 for the Kerr v. State of Arizona settlement.
- Stipulates any unused funds for the case in FY 2006-07 will revert back to the state GF.

### **HB 2868 – Chapter 348 – criminal justice; budget reconciliation.**

Exempts additional agencies from contributing to the Attorney General Legal Services Cost Allocation Fund, increases the pro-rata share that agencies must contribute to the Fund, requires the Department of Administration to contract for 3,000 prison beds and continues several provisions from previous fiscal year's budgets.

#### ***Attorney General***

- Exempts the Department of Economic Security, the Arizona Health Care Cost Containment System, the Superior Court, the Court of Appeals, the Supreme Court and the Arizona Department of Agriculture and councils that receive administrative and budgetary services from the Arizona Department of Agriculture from having to contribute to the Attorney General Legal Services Cost Allocation Fund (AGLSCA).
- Applies the pro-rata charge to the General Fund payroll in addition to the other appropriated and non-appropriated payrolls of the agencies.
- Increases the pro-rata share that agencies are required to contribute from 0.33% to 0.635%.
- Makes changes to the AGLSCA Fund retroactive to June 30, 2006.
- Authorizes the Attorney General to use Collection Enforcement Revolving Fund monies for operating expenses in FY 2006-07.

#### ***Department of Corrections (ADC)***

- Requires ADC to report actual FY 2006, estimated FY 2006-07, and requested FY 2007-08 expenditures for each line item as delineated in the FY 2006-07 General Appropriation Act when submitting the department's FY 2007-08 budget.

#### ***Department of Administration (ADOA)***

- Requires ADOA to develop a request for proposals (RFP) to be posted on or before December 22, 2006, and execute a contract before June 30, 2007, for 3,000 prison beds to be opened beginning April, 2008. The RFP must be submitted to JLBC for review by October 2, 2006 as well as the contracts before execution of the contract.
- Stipulates that ADC or private prison vendors may bid for all or a portion of the 3,000 beds and ADOA may award contracts to one or more bidders.
- Appropriates \$11,193,000 from the state GF in FY 2007-08 for bed per diem costs to operate the 3,000 beds beginning in April 2008 if the contract is executed.

#### ***Department of Public Safety (DPS)***

- Directs 9% of the Criminal Justice Enhancement Fund distribution from the state GF to the Crime Laboratory Assessment Fund. States that these monies are for use by the Department of Public Safety and are exempt from distribution to political subdivisions. *This provision was contained in the FY 2003-04, FY 2004-05 and FY 2005-06 budgets (Laws 2003, Ch. 263, § 79, Laws 2004, Ch. 281, § 10 and Laws 2005, Ch. 300, § 10).*

#### ***State Treasurer***

- Provides that in FY 2006-07, the state shall pay 38.5% and the county shall pay 61.5% of the compensation and employee related expenditures for justices of the peace. Requires the county to pay the full amount of employer contribution to the Arizona State Retirement System or any county health plan. *This provision was contained in the FY 2003-04, FY 2004-05 and FY 2005-06 budgets (Laws 2003, Ch. 263, § 99 and Laws 2005, Ch. 300, § 12).*

#### ***Miscellaneous***

- Requires the Speaker of the House and the President of the Senate to be notified, in addition to the Attorney General, when a state statute, ordinance, franchise or rule is alleged to be unconstitutional.

#### **HB 2869 – Chapter 349 – environmental protection: budget reconciliation.**

Proposes budget reconciliation provisions for the State Parks Board, State Land Department, statewide motor vehicle fleets, Department of Environmental Quality, Water Protection Fund Commission, and the Department of Agriculture.

#### ***Arizona States Parks Board – State Lake Improvement Fund***

- Restricts the State Lake Improvement Fund monies to projects on waters where gasoline powered boats are permitted.

#### ***State Land Department (Department) – Due Diligence Fund***

- Establishes the Due Diligence Fund (Fund) to pay for the investigation and analysis of trust land prior to sales, leases, rights-of-way or other use permits.
- Requires the State Land Commissioner to administer the Fund.
- Specifies that the Fund consists of Legislative appropriations and reimbursements for the actual costs of due diligence studies paid by the Department.
- States that monies in the Fund are exempt from lapsing. If the balance exceeds \$500,000 at any time the excess reverts to the General Fund.
- Appropriates all monies in the fund for FY 2006-07.

#### ***Motor Vehicle Fleets***

- Allows all motor vehicle fleets subject to the alternative fuel mandates to meet the requirements by using clean burning fuel equivalents as follows:
  - ⇒ One vehicle equivalent for every 450 gallons of 100% biodiesel or 2,250 gallons of diesel fuel substitute.
  - ⇒ One vehicle equivalent for every 530 gallons of ethanol blend E85 or methanol blend M85 fuel.

- Clarifies that the biodiesel fuel equivalencies, within the state fleet statute, apply to vehicles weighing in excess of 8,500 pounds.

#### ***Arizona Water Banking Authority***

- Requires AWBA to provide a report to JLBC each October that accounts for all the monies received, disbursed or used to purchase water pursuant to interstate water banking agreements with Nevada, including any monies paid or disbursed to the Central Arizona Project (CAP). The October 1, 2006 report must contain information for both FY 2004-05 and FY 2005-06.
- Stipulates that AWBA can use money received through interstate water banking agreements only for associated costs and AWBA responsibilities.
- Repeals the reporting requirement on June 30 of the fiscal year immediately following the last fiscal year in which monies received under the AZ water banking agreement are used for contractual obligations or the legislative appropriations in excess of the obligations but not before June 30, 2020.
- Directs the Arizona Department of Water Resources to notify Legislative Council when the final AZ water banking agreement obligations are met.

#### ***Underground Storage Tank (UST) Assurance Account***

- Suspends the administrative cap for reimbursement from the UST Assurance Account for FY 2006-07 and allows DEQ to use \$6,331,000 for the administrative costs of the UST leak prevention program and used oil program funding.

#### ***Water Protection Fund Commission***

- Suspends the statutory requirement to deposit \$5 million from the State GF into the Water Protection Fund for FY 2006-2007. Funding will be specified in the General Appropriations Act.

#### ***Department of Agriculture – Livestock and Crop Conservation Fund***

- Suspends the existing 5% cap for the Livestock and Crop Conservation Fund and authorizes the use of 10% of the revenue from the Fund for administration of the Livestock Crop Conservation Program.

#### ***Arizona State Parks Board – State Parks' Enhancement Fund***

- Provides that all appropriated monies are available to operate State Parks. Monies also may be used for capital needs if approved by the State Parks Board and JCCR.

### **HB 2870 – Chapter 350 – state government; budget reconciliation.**

Adds provisions and appropriations relating to the operation of state government.

#### ***Arizona Board of Regents***

- Appropriates \$5,000,000 from the state GF in FY 2006-07 to the Arizona Board of Regents for a Financial Aid Trust Fund (AFAT).
- Modifies the match rate of legislative appropriations to student surcharge collections for deposits into AFAT from 1:1 to 2:1.
- Limits the amount of monies received each year by the AFAT as a permanent appropriation from 50% to 25%.

#### ***Department of Revenue***

- Allocates \$1,200,000 from the state GF in FY 2006-07 for operational support of the Business Re-Engineering/Integrated Tax System Support (BRITS).
- Allows DOR to perform modifications and issue extensions of current BRITS contract in FY 2006-07 with JLBC review of dollar value changes.
- Requires the DOR to semiannually publish a notice, in each county's newspaper, with a toll free telephone number directing the public to the DOR's website regarding abandoned property.
- Eliminates the requirement for DOR to publish the names of individuals with unclaimed property.

- Clarifies that the notice be published no later than November 30 of the year after the abandoned property has been paid or delivered to DOR.

#### ***Arizona Centennial 2012***

- Appropriates \$2,500,000 from the state GF in FY 2006-07 to Legislative Council for a statewide plan, activities, and projects relating to the Arizona centennial celebration.
- Mandates that the appropriated \$2,500,000 may not be spent until matching funds, excluding state gifts, grants and donations, for \$5,000,000 have been met.
- Exempts the appropriation from lapsing until June 30, 2013.
- Requires Legislative Council to approve spending of monies and account for accumulated donations.
- Allows members of the Historical Advisory Commission to be reimbursed for travel and subsistence expenses who are non-state-employees.
- Reassigns grant and gift acceptance and spending authority relating to the Arizona centennial plan from the Director of the Arizona State Library, Archives, and Public Records to the Historical Advisory Commission.

#### ***Bills of Rights Monument***

- Authorizes the Department of Administration to place a monument to the federal Bills of Rights. Repeals the authorization September 30, 2009.
- Stipulates that no public monies are authorized for the monument.

#### ***Arizona Department of Administration***

- Appropriates \$500,000 from the state GF in FY 2006-07 for one-time funding in an employee wellness program.

#### ***Arizona Healthcare Cost Containment System (AHCCCS)***

- Allocates \$1,900,000 from the state GF and 5 FTEs in FY 2006-07 for the 2-1-1 phone system, and designates \$900,000 as one-time.
- Mandates that \$200,000 be used from the state GF and \$1,800,000 from the expenditure authority in FY 2006-07 for one-time computer system replacement planning.
- Appropriates \$200,000 from the state GF and \$200,000 expenditure authority in FY 2006-07 for imaging system equipment.
- Provides \$5,200,000 and 28.8 FTEs from the state GF and \$5,200,000 and 28.8 FTEs from expenditure authority in FY 2006-07 to verify citizenship. \$3,400,000 from both funds are designated as one-time monies.

#### ***Attorney General***

- Appropriates \$500,000 from the state GF in FY 2006-07 for operating expenditures.
- Allocates \$1,000,000 from the state GF in FY 2006-07 for one-time funding of the third year of the case management system redesign.
- Reduces the Consumer Fraud Revolving Fund in FY 2006-07 by \$720,300.
- Appropriates \$1,300,000 and 18 FTEs from the state GF in FY 2006-07 for the prosecution of crimes related to drug trafficking, human trafficking, and identity theft.

#### ***State Treasurer***

- Mandates \$1,000,000 from the state GF in FY 2006-07 to the state treasurer for a one-time distribution to Apache County (\$466,000), Greenlee County (\$382,800), and Santa Cruz County (\$151,200) to reduce the community college out-of-county reimbursement obligation.

#### ***Department of Corrections***

- Appropriates \$1,000,000 from the GF in FY 2006-07 for one-time equipment monies.

#### ***Department of Economic Security***

- Appropriates \$14,420,000 from the state GF in FY 2006-07 for children support services, foster care placement, and residential placement. Reallocates \$2,705,700 for emergency placement.
- Provides \$1,000,000 from the state GF in FY 2006-07 for summer youth employment and training program.
- Requires \$350,000 from the state GF in FY 2006-07 for the Navajo as one-time funding for senior citizen centers.
- Allocates \$1,500,000 from the state GF in FY 2006-07 and 30 FTEs for adult protective services workers in order to investigate 100% of reports received.
- Appropriates \$1,000,000 from the state GF in FY 2006-07 for the grandparent kinship care program and delineates rules to spend monies.
- Designates \$1,000,000 in one-time spending from the state GF in FY 2006-07 for a dental pilot program administered by a dental school located in Pima and Maricopa counties. Stipulates the county must be the last funding resource of the payer and that \$925,000 is for dental services and \$75,000 is for transportation services. The appropriation is exempt from lapsing until June 20, 2008.

#### ***Department of Education***

- Allocates \$1,000,000 from the state GF in FY 2006-07 for the K-12 center for program implementation and mentor training for the Arizona master teacher program.

#### ***Department of Environmental Quality***

- Prescribes \$750,000 in one-time grants to interim operators or managers of small rural water systems approved by the Arizona Corporation Commission.

#### ***Government Information Technology Agency (GITA)***

- Provides \$1,500,000 in grants from the state GF in FY 2006-07 to GITA for rural health care providers.
- Requires that the JLBC review of GITA's planned expenditures from the State Web Portal Fund and GITA's contact for the state web portal in FY 2006-07 occur within 45 days of the date of receipt in the office of the chairman and require the agency to respond within 15 days to Committee of JLBC staff requests for information.

#### ***Department of Health Services***

- Designates \$200,000 from the state GF in FY 2006-07 for the purpose of providing rural modular dental buildings.
- Appropriates \$1,800,000 from the state GF in FY 2006-07 for high-risk perinatal services.
- Allocates \$400,000 and 8.5 FTEs from the GF and \$36,000 in federal expenditure authority in FY 2006-07 to the assurance and licensure special line item for childcare licensure costs.
- Authorizes \$60,000 from the GF in FY 2006-07 for teratogen services provided by the University of Arizona.
- Provides \$520,000 and 4.6 FTEs from the state GF in FY 2006-07 for laboratory services costs -- \$400,000 and 3.6 FTEs in Phoenix and \$120,000 and 1 FTE in Flagstaff.
- Appropriates \$2,500,000 in one-time monies from the GF in FY 2006-07 for funding for housing costs for the seriously mentally ill population in Maricopa County.
- Allocates \$1,000,000 from the state GF in FY 2006-07 for one-time funding for diabetes education.

### ***Universities***

- Appropriates \$1.5 million and 15 FTEs from the state GF in FY 2006-07 to research water issues as follows:
  - ⇒ \$500,000 and 5 FTEs to Arizona State University for research on water issues in urban areas.
  - ⇒ \$500,000 and 5 FTEs to the University of Arizona for research on water issues from an environmental sciences perspective.
  - ⇒ \$500,000 and 5 FTEs to Northern Arizona University for research on water issues in the upper Verde watershed.

### **HB 2871 – Chapter 351 – general revenues: budget reconciliation.**

Makes various changes related to state revenues necessary to implement the FY 2006-07 state budget.

#### ***Arizona State Schools for the Deaf and the Blind***

- Eliminates the Arizona State Schools for the Deaf and the Blind (ASDB) share of the Telecommunications Excise Tax revenues (funding will be provided from the State GF). Applies this provision retroactive to July 1, 2006.
- Repeals the ASDB Telecommunications Excise Tax Fund.

#### ***Department of Health Services***

- Eliminates DHS share of the Telecommunications Excise Tax revenues that are deposited into the Poison Control Fund (funding will be provided from the state GF). Applies this provision retroactive to July 1, 2006.
- Repeals the Poison Control Fund.

#### ***University of Arizona***

- Eliminates the University of Arizona share of the Telecommunications Excise Tax revenues for the Teratogen Information Program (funding will be provided from the state GF). Applies this provision retroactive to July 1, 2006.

#### ***Commission for the Deaf and Hard of Hearing***

- Redistributes ASDB, Department of Health Services (DHS) and Teratogen Information Program shares of the Telecommunications Excise Tax revenues to the Commission for the Deaf and Hard of Hearing (Telecommunication Fund for the Deaf). Applies this provision retroactive to July 1, 2006.

#### ***Arizona Sports and Tourism Authority***

- Beginning July 1<sup>st</sup>, 2007, eliminates the automatic transfer of monies from the state GF to the Arizona Sports and Tourism Authority (ASTA) when the National Football League income tax falls below the calculated minimum.

#### ***Arizona Arts Endowment Fund***

- Removes the statutory requirement for the State to appropriate \$2 million yearly to the Arizona Arts Endowment Fund (*\$5 million is appropriated to the fund in the General Appropriations Act*).

#### ***Department of Revenue (DOR)***

- Increases the threshold at which business must make a June estimated sales tax payment from \$100,000 to \$1 million.

#### ***Revenue Sharing***

- Appropriates \$850,000 from the State GF for FY 2006-07 to DOR to be distributed to towns with populations of 1,500 or less as follows: Fredonia (\$73,750), Patagonia (\$110,620), Hayden (\$116,300), Duncan (\$131,420), Winkelman (\$196,660) and Jerome (\$221,250).
- Appropriates \$717,127,600 from the state GF in FY 2008-09 to the Urban Revenue Sharing Fund in lieu of State income tax revenues.

- Appropriates \$10,549,800 from the state GF in FY 2008-09 to the Urban Revenue Sharing Fund for repayment of the FY 2002-03 and FY 2003-04 reduction in distribution percentage from 15.0% to 14.8%. The money is to be distributed to incorporated cities and towns in the same manner as prescribed for FY 2003-04.

#### ***State Lottery Commission***

- Requires the Arizona State Lottery Commission to return at least 31.6% of the revenue from the sale of multistate lottery tickets (Powerball) to the State Lottery Fund.
- Requires that, after the state GF receives \$37 million from the sales of multistate lottery tickets, the Local Transportation Assistance Fund shall receive up to the statutorily prescribed \$18 million.
- Contains language indicating the Legislature's intent to deposit revenue from the sale of multistate lottery tickets as prescribed by statute in FY 2008-09.

#### ***Miscellaneous***

- Requires any unrestricted federal monies received May 1, 2006 through June 30, 2007 to be deposited in the state GF for the payment of essential government services. Retroactive to April 30, 2006.
- Extends the date requirement for the JLBC to prepare a report on the use of population estimates from June 30, 2006 to July 31, 2006.

#### **HB 2873 – Chapter 352 – higher education; budget reconciliation.**

Makes changes to the university credit hour threshold and university full-time equivalent student enrollment audits, establishes an annual financial aid report, the Postsecondary Education Grant Program and the Joint Study Committee on Medical School Education, makes changes to medical student loans, repeals medical student scholarships and makes numerous additional changes to higher education statutes.

#### ***Credit Hour Threshold***

- Specifies the undergraduate credit hour thresholds of students who attend a public university in Arizona as follows:
  - ⇒ 155 hours for a student who attends in FY 2006-07.
  - ⇒ 150 hours for a student who attends in FY 2007-08.
  - ⇒ 145 hours for a student who attends after FY 2007-08.
- Requires the undergraduate credit hour threshold to be based on the actual full-time equivalent student enrollment (FTSE) counted on the 21<sup>st</sup> day after classes begin for the fall semester of 2005 and every fall semester thereafter. Budget adjustments based on student enrollment must occur in the fiscal year following the actual FTSE count.
- Exempts the following from the undergraduate credit hour threshold:
  - ⇒ Credits earned in the pursuit of up to two baccalaureate degrees.
  - ⇒ Credits earned in the pursuit of up to two state regulated licensures or certificates.
  - ⇒ Credits earned in the pursuit of teaching certification.
  - ⇒ Credits transferred from a private institution of higher education.
  - ⇒ Credits transferred from an institution of higher education in another state.
  - ⇒ Credits earned at another institution of higher education but that are not accepted as transfer credits at the university where the student is currently enrolled.
  - ⇒ Credits earned by students who enroll at a public university in Arizona more than 24 months after the end of the student's previous enrollment at a public university in Arizona.
- Requires the ABOR to annually report by October 15 to the Joint Legislative Budget Committee (JLBC) the number of students who were enrolled at the three public universities during the previous fiscal year who met or exceeded the undergraduate credit hour threshold.

- Precludes the ABOR from including students who exceed the credit hour threshold in the annual budget request.

#### ***Annual Financial Aid Report***

- Requires the ABOR, by December 1, to annually complete a financial aid report and submit this to the Governor, the Legislature and the JLBC. The report must be based on information from the two prior fiscal years for each institution under the ABOR, contain a comparison to peer institutions and contain summary information for the university system. Additionally, the report must separately delineate both full-time resident graduate and undergraduate students detailing:
  - ⇒ Cost of attendance, delineated by tuition rates, mandatory fees, room and board charges, book purchases and travel and related personal expenses.
  - ⇒ Expected family contribution.
  - ⇒ Gift aid, delineated by source type.
  - ⇒ Loans, delineated by subsidized amounts and amounts loaned to the parents of students.
  - ⇒ Employment, delineated by program type.
- Requires ABOR and the staff of JLBC to jointly determine the methodology and format of the report.

#### ***University FTSE***

- Delays the university full-time equivalent student enrollment (FTSE) audit to begin with the fall semester of 2006, due by July 21, 2007.
- Clarifies the university FTSE audit is for each academic year.
- Clarifies that the ABOR university FTSE audit policies must include a review and recommendations of the necessity of minimum requirements for students enrolled in classes to qualify for appropriations.
- Transfers the requirement for each professor or instructor to review the class roster and make additions or deletions as necessary to a requirement for the ABOR to make recommendations of whether each professor or instructor should be required to review class rosters and make additions or deletions as necessary.
- Requires the ABOR, by December 1, 2006, to submit a report to the JLBC and the Governor's Office of Strategic Planning and Budgeting on the FTSE, delineated by grade levels, as of the 21<sup>st</sup> and 45<sup>th</sup> days of the fall 2006 semester at each university. Additionally, the ABOR must complete the same report for the spring 2007 semester by April 15, 2007.

#### ***Medical Student Loans and Scholarships***

- Repeals the sections authorizing the Board of Medical Loans (Board) to issue medical student scholarships and the Medical Student Scholarship Fund.
- Transfers all monies remaining in the Medical Student Scholarship Fund to the Medical Student Loan Fund and allows the Board to distribute monies from the Medical Student Loan Fund to persons who were awarded medical student scholarships for the duration of the contracts entered into between the Board and the recipients of medical student scholarships awarded through statute.
- Distributes medical student loans on a first-come, first-served basis.
- Removes the medical student loans cap of 40 per year.
- Requires at least 50 percent of the monies appropriated for medical student loans to be used for students attending private schools.
- Changes the fields of study for medical students to qualify for medical student loans. The Board is allowed to provide written approval for a medical student to practice an unlisted specialty of recognized need in Arizona and qualify for a medical student loan. Additionally, the Board may provide written approval for a medical student to practice another specialty of recognized need not specified in the student's contract.
- Rebases the loans living allowance cap beginning in FY 2006-07 to \$20,000 per student annually.

- Changes the parameters of qualified applicants to which Board must give preference.
- Requires a loan recipient to begin service within three months of finishing or leaving a residency program.
- Denies a public or private medical school in Arizona from prohibiting a hospital from entering into an agreement to provide student clinical rotations to qualified osteopathic or allopathic medical students.
- Contains a savings clause relating to medical student loans and medical student scholarships.

#### ***Postsecondary Education Grant Program***

- Establishes the Postsecondary Education Grant Program (Program).
- Requires the Arizona Commission on Postsecondary Education (ACPE) to develop, implement and administer the Program.
- Requires the ACPE to develop application forms, procedures and deadlines and select eligible students each year for participation in the Program. Participating full-time students must receive a \$2,000 grant annually for up to four calendar years to be used for tuition, books and fees charged at a qualifying school. Participating part-time students enrolled in at least six credit hours must be prorated in accordance with the part-time status of the students.
- Allows the ACPE to establish partnerships with qualifying schools for the administration of the Program.
- Prohibits a student who has obtained enough academic credits to graduate with a baccalaureate degree from a qualifying school from receiving grant monies.
- Establishes student eligibility requirements.
- Creates the Postsecondary Education Grant Fund (Fund) consisting of continuously appropriated and non-lapsing legislative appropriations, and requires the ACPE to administer the Fund. The ACPE must make awards for payment of tuition at qualifying schools to participating students.
- Establishes grant distribution preferences for use when monies are insufficient to award grants to all eligible applicants. The ACPE must maintain a waiting list for applicants who are not provided a grant.
- Requires a student who fails to achieve a baccalaureate degree within a five year period of receiving grant monies to reimburse the Fund for all awards received.
- Requires the ACPE to submit an annual report to the Governor, the Legislature and the Joint Legislative Budget Committee including specified data.
- Prohibits the continuation of a grant to students failing to maintain good academic standing. Students must reimburse the Fund for any unused or any unlawfully used portion of their grants.
- Requires the ACPE to develop a marketing strategy designed to provide information about the Program to all high school students in Arizona.
- Terminates the Program on July 1, 2016.
- Appropriates a non-lapsing \$5 million in FY 2006-07 from the state GF to the ACPE for deposit in the Fund.
- Allows the ACPE to use up to \$200,000 of the appropriation for up to three full-time equivalent positions for the administration of the Program.

#### ***Joint Study Committee on Medical School Education***

- Establishes the 9-member Joint Study Committee on Medical School Education (Committee) and outlines its duties.
- Allows the Committee to use the expertise and services of legislative staff and to enter into consulting contracts.

- Terminates the Committee from and after December 31, 2006.

#### ***Miscellaneous***

- Prohibits public universities from using any tuition or fee revenue to fund or support an alumni association.
- Allows the ABOR to secure indirect debt financing for any project if the term of the indirect debt financing does not exceed the earlier of 40 years or the useful life of the capital improvements and the project is reviewed by the Joint Committee on Capital Review (JCCR). Private entities are not required to divulge proprietary information to the JCCR for review.
- Requires the ABOR, by October 1, 2006, to submit for review to the JLBC the operational and capital plans for the Arizona State University Downtown Phoenix Campus, including:
  - ⇒ Up-to-date expenditure details by the ABOR, its institutions and partners.
  - ⇒ Detailed five-year operational and capital budgets, including expected sources of monies.
  - ⇒ A five-year description of enrollment, capacity growth and graduation expectations by subject area.
  - ⇒ A 20-year financing plan detailing each funding source.
  - ⇒ All partners involved in the project, their roles and an organizational chart.
  - ⇒ Contributions and financing arrangements of all partners contributing to the capital plan, and the legal and financial relationships of the ABOR and its institutions to these partners.
- Requires all public higher education institutions to publicly post notices of all employment openings for FY 2006-07 containing the title and description, instructions for applying and relevant contact information.
- Adds reporting requirements on credit and noncredit courses into the annual community college report, and requires a copy of the report to be submitted to the Legislature.
- Requires the Gila County Provisional Community College District to annually reimburse the State \$72,364 from operating state aid amounts from FY 2006-07 until FY 2011-12 to the State Treasurer for monies distributed from Workforce Development funding, and must be deposited in the Classroom Site Fund.

#### **HB 2874 – Chapter 353 – K-12 education: budget reconciliation.**

- Increases the charter school additional assistance amount from:
  - ⇒ \$1,330.05 to \$1,387.25 for pupils in K-8.
  - ⇒ \$1,550.14 to \$1,616.81 for pupils in 9-12.
- Increases the base level amount from \$3,001 in FY 2005-06 to \$3,133.53 in FY 2006-07.
- Requires Joint Legislative Budget Committee (JLBC) review for transfers to or from appropriated amounts for state aid to school districts.
- Requires non-excess utilities school districts to annually develop, adopt and certify a plan on utilities containing specified information. Currently, only excess utilities school districts are required to complete this plan.
- Prohibits a school district or charter school from making upward adjustments to its average daily membership for a particular school year after June 30 of the subsequent school year, unless the Superintendent of Public Instruction (Superintendent) determines that the school district's or charter school's budget limits within the previous three years did not conform with statutory requirements.
- Allows school districts to submit corrections to their Teacher Experience Index (TEI) calculation between March 15 and April 15. The school district must submit a letter explaining the need for the corrections to the Superintendent and the Chairman of the JLBC. If a school district submits corrections, the Superintendent must re-compute the TEI of the school district for the budget year by April 15 using the corrected data.

- Extends the final date for recalculating a school district's TEI from March 15 to April 15.
- Increases the Transportation Support Level per route mile.
- Increases the following Group B weights:
  - ⇒ MD-SSI from 6.531 to 7.947.
  - ⇒ OI-SC from 5.576 to 6.773.
  - ⇒ ED-P from 4.647 to 4.822.
- Establishes a Group B Kindergarten weight at .835 in FY 2006-07 and 1.352 for FY 2007-08 and beyond.
- Requires half-day kindergarten programs to provide academically meaningful instruction in each of the academic standards.
- Repeals current language requiring the Legislature to develop a plan, including capital monies, to provide statewide full-day kindergarten instruction by FY 2009-10.
- Repeals the Full-Day Kindergarten Fund and associated subsections.
- Allows school district governing boards to approve a school year that meets for less than 180 days if the instruction provided meets the equivalent number of minutes per school year.
- Appropriates \$191 million in FY 2005-06 from the state GF to the Arizona Department of Education (ADE) to pay off the K-12 rollover. The appropriation is exempt from lapsing until July 1, 2007.
- Caps school district desegregation budgets at the FY 2005-06 levels plus growth in average daily membership and 2% for assumed inflation.
- Funds rapid decline at 50% of the formula amount for FY 2006-07.
- Caps the basic state aid funding entitlement for each joint technological education district (JTED) for FY 2006-07 at 102% of the amount of state aid for equalization assistance apportioned in FY 2005-06 apart from any prior year adjustments or double the amount of its qualifying tax rate revenues for FY 2006-07, whichever is greater.
- Retroactively caps the total property tax rate that a JTED levies for FY 2006-07 at the total property tax rate levied for FY 2004-05 beginning July 1, 2006.
- Prohibits school districts from forming a new JTED or joining or voting to join a JTED in FY 2006-07.
- Exempts a county of between 800,000 and 1,500,000 from the prohibition to form any new JTED or to join or vote to join a JTED.
- Allows the ADE or the Office of the Auditor General to conduct average daily membership audits of school districts or charter schools in FY 2006-07.
- Allows a school district to recalculate their TEI for FY 2006-07 after April 15, 2006 if the average daily membership is between 5,100 and 5,200 pupils for the 2004-05 school year in the annual report of the Superintendent for FY 2004-05. All other school districts must calculate their TEI by March 15, 2006 for FY 2006-07.
- Appropriates \$1,865,400 from the School Improvement Revenue Bond Debt Service Fund in FY 2006-07 to the ADE for distribution to the Hayden-Winkelman Unified School District to redeem outstanding series 1995 capital appreciation bonds. The school district must levy a secondary tax to repay the amount over three years, including simple interest at 4% per annum, on July 1 of each year from 2008 through 2010, capped at \$696,500 annually. Repaid monies must be credited to the School Improvement Revenue Bond Debt Service Fund. Additionally, through July 1, 2015, the school district shall not levy a primary property tax above \$11.8875 and must annually reduce the primary property tax to fully reflect any reduction in the qualifying tax rate, and is prohibited from proposing or conducting any election to approve any budget override or any authorization to issue bonds or incur any other form of school district indebtedness.

- Appropriates \$215,200,000 to the ADE for Basic State Aid in FY 2006-07, unless the ADE uses a county equalization assistance for education rate for FY 2006-07 that exceeds \$0.00.
- Appropriates \$118,050,000 from the state GF to the ADE in FY 2006-07 for Basic State Aid to fund the new Group B K weight.
- Appropriates \$100 million in FY 2006-07 from the state GF to the ADE to fund the base level increase.
- Retroactively, to July 1, 2006, suspends the building renewal formula for FY 2006-07 and appropriates \$86,283,500 from the state GF to the Building Renewal Fund.
- Retroactively, to July 1, 2006, prohibits the School Facilities Board from entering into any lease-to-own transactions in FY 2006-07 except for transactions to refinance or restructure lease-to-own transactions undertaken before April 15, 2005 if the refinance or restructure reduces the projected overall costs of the transaction.
- Contains intent language relating to lease-to-own transactions and appropriation of monies for new school construction.
- Allows a school district that miscalculated their budget during FYs 2003-04 and 2004-05 to correct these errors over a five year period from FY 2006-07 until FY 2010-11 if the school district reported a total attending ADM of 480-500 pupils in FY 2004-05 and the total amount is between \$650,000 and \$700,000. The school district must repay these monies with accrued interest as determined by the Superintendent of Public Instruction.

# COMMITTEE ON APPROPRIATIONS (B)

***Representative Tom Boone, Chairman***  
***Representative Jennifer J. Burns, Vice-Chairman***  
***Mike Huckins, Legislative Research Analyst***  
***Chad Nitsch, Assistant Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause  
[LIV] Line Item Veto

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**HB 2033 – Chapter 319 [E] – \*mine inspector; appropriation; nonlapsing**

Extends the time the State Mine Inspector can collect monies from the submission of reclamation plans fees for the purposes of plan review and evaluation from July 1, 2006 to July 1, 2007 and exempts those monies from lapsing.

**HB 2477 – Chapter 334 [E] – \*Arizona twenty-first century fund**

Expands the reporting duties of the Commerce and Economic Development Commission, establishes the Arizona Twenty-First Century Fund and appropriates \$35 million from the state General Fund.

- Establishes the Arizona Twenty-First Century Fund (Fund) to assist in the duties and goals of the Commission.
- States that the Commission shall administer the Fund, the Fund consists of monies appropriated by the Legislature and gifts and grants donated or given to the Fund, and monies in the Fund are subject to legislative appropriation.
- Allows the state treasurer, on notice from the commission, to invest and divest Fund monies.
- Requires the Commission to enter into a memorandum of understanding with a nonprofit corporation to use monies in the Fund to:
  - ⇒ Build and strengthen medical, scientific and engineering research programs and infrastructure in areas of greatest strategic value to this state's competitiveness in the global economy with an emphasis in bioscience.
  - ⇒ Actively engage scientific research, academic and medical institutions that represent both the public and private sectors on a worldwide basis.
- Mandates the nonprofit corporation that enters into the memorandum of understanding shall:
  - ⇒ Be a statewide nonprofit corporation that is incorporated in this state and that is qualified under section 501(c)(3) of the United States Internal Revenue Code.
  - ⇒ Identify and document private or philanthropic investments that are equivalent to \$50 million or more in FY 2005-06. For subsequent fiscal years, the nonprofit corporation shall provide funding in an amount equal to or greater than the financial assistance provided by this state.
- Requires the Commission to submit a quarterly report to the Governor, President and Speaker detailing any expenditures made from the Fund.
- Extends, from 6 months to 18 months, the duration that monies collected by the Inspector for submission of reclamation plans are appropriated to the Inspector, rather than deposited into the Fund.

**HB 2594 – Chapter 243 – \*homelessness trust fund; repeal; appropriation**

Repeals the homeless trust fund and the Homeless Trust Fund Oversight Committee, and appropriates the remaining monies in the fund to the Department of Economic Security for distribution between the counties of Arizona for services for the homeless and working poor.

**HB 2613 – Chapter 338 – education and training vouchers; appropriation**

Appropriates \$500,000 from the state General Fund in Fiscal Year 2006-07 to the Department of Economic Security (DES) for its education and training scholarship program for postsecondary education.

**HB 2661 – Chapter 1 [E] [LIVS] – state employees; pay increase**

Appropriates \$51,738,300 in FY 2005-06 and \$169,079,000 in FY 2006-07 from the state General Fund (GF) and other funds (OF) to provide lump-sum and performance based pay increases to state employees averaging 6.3 percent. The bill outlines criteria for performance-based pay and exempts employees certain employees hired after December 31, 2006 from the state's personnel rules.

**HB 2774 – Chapter 198 – community college bookstores; revenue expenditures**

States that if a community college district exceeds its expenditure limitation due to revenues from an on-campus bookstore or bookstores operated by the district, the district shall not have any state aid withheld.

**SB 1346 – Chapter 388 – \*fleet requirements; tax incentives; biodiesel**

Amends the motor vehicle fleet mandate to purchase vehicles which operate on alternative fuels and clean burning fuels with equivalency measures for alternative and clean burning fuel consumption. Additionally, the bill places real and personal property and improvements used specifically and solely to produce 100 percent biodiesel fuel and its by-products that are valued at full cash value in class six property classification.

**SB 1407 – Chapter 370 – ombudsman-citizens aide; public access laws**

Appropriates \$185,000 from the state General Fund in FY 2006-07 to the Office of the Ombudsman-Citizens' Aide and requires the Ombudsman-Citizens' Aide to appoint two assistants for education and investigation duties relating to public access laws.

**SB 1413 – Chapter 223 – \*county development fees; report**

Requires counties that assess development fees to submit an annual report accounting for the collection and use of the fees. Failure to report will result in the inability to collect such fees.

**Only assigned to Committee on Rules**

**HB 2257 – Chapter 328 – named claimants; appropriations**

Appropriates \$211,413.64 from the state General Fund to the Arizona Department of Administration (ADOA) to fully pay for specified claims made against the Department of Health Services, the Department of Juvenile Corrections, the Department of Corrections and the Arizona Health Care Cost Containment System. In addition, \$94,110 is transferred from the Corrections Fund to the state General Fund and appropriated to ADOA to pay claims made against the Department of Corrections and transfers \$3,859.07 from the Risk Management Fund to the state General Fund and is appropriated to ADOA to pay claims made against ADOA.

# COMMITTEE ON APPROPRIATIONS (P)

***Representative Russell K. Pearce, Chairman***  
***Representative Lucy Mason, Vice-Chairman***  
***Michael Huckins, Legislative Research Analyst***  
***René Guillen, Assistant Research Analyst***



\* Strike-everything Amendment  
 [E] Emergency Clause  
 [P 108] Proposition 108 Clause  
 [LIV] Line Item Veto

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**HB 2187 – Chapter 130 – state budget estimates; report**

Specifies that the director of the Arizona Department of Administration (ADOA) and the State Treasurer must provide a coordinated report to the Joint Legislative Budget Committee (JLBC) by February 1 of each year accounting for any differences between ADOA's annual financial report and the daily cash balance of the State Treasury.

**HB 2395 – Chapter 269 – \*fire suppression; land department; appropriation**

Makes supplemental appropriations to the State Land Department for fire suppression services.

- Appropriates \$2 million from the state General Fund to the State Land Department in FY 2005-06 for new fire suppression services.
- Appropriates \$4 million from the state General Fund to the State Land Department in FY 2005-06 to pay outstanding fire suppression expenses.

**SB 1072 – Chapter 254 – \*civil liability; presumptions; police tools**

Outlines presumptions that apply to any civil liability case with regard to the victim, the law enforcement officer, the manufacturer of police tool products, and the State of Arizona when a person is harmed in the commission of a criminal act involving a felony.

- Stipulates if a court finds by a *preponderance of the evidence*, that a plaintiff is harmed while attempting to commit, committing or fleeing after having committed or attempted to commit a felony criminal act, the following presumptions apply to any civil liability action or claim:
  - ⇒ A victim or peace officer is presumed to be acting reasonably when threatening or using physical force or deadly physical force to either: protect himself against another person's use or attempted use of physical force or deadly physical force; make an arrest, prevent or assist in preventing a plaintiff's escape.
  - ⇒ This State and its political subdivisions are presumed to have reasonably hired and trained these peace officers to use physical force or deadly physical force if a peace officer threatens to either: protect himself against another person's use or attempted use of physical force or deadly physical force; make an arrest, prevent or assist in preventing a plaintiff's escape.
  - ⇒ The *police tool product* that caused physical harm is presumed not to be defective and the manufacturer is presumed not to be negligent, if prior to sale, the product either: conforms with generally applicable state of the art safety when the product was designed, manufactured, packaged and labeled; complies with any applicable code, standard, regulation or specification established or approved by the United States, the State of Arizona or any of their agencies.

**SB 1248 – Chapter 362 – \*osteoporosis; appropriation**

Appropriates \$300,000, which is exempted from lapsing through June 30, 2008, and designates three FTE positions from the state General Fund in FY 2006-07 to DHS for purposes related to osteoporosis research and prevention.

**SB 1371 – Chapter 368 [E] – sex offenders; GPS monitoring; appropriations**

Beginning November 1, 2006, requires GPS monitoring for the entire term of probation, if probation is imposed after the conviction of a dangerous crime against children. Adds the Class 4 felony of *interference with monitoring devices*, which is committed by either: being required to be on electronic or GPS monitoring and removing or bypassing any device or equipment that is necessary for proper monitoring, or assisting any person who is required to be on electronic or GPS monitoring in removing or bypassing any device or equipment that is necessary for proper monitoring.

- Requires ADC to assign any person convicted of a DCAC and in the department's custody to GPS monitoring upon the person's release on parole, community supervision, work release or other conditional or temporary release.
- Authorizes ADC to enter into a contract for GPS monitoring services.
- Establishes the 13-member Joint Legislative Study Committee on Global Positioning System Monitoring (Committee) and outlines issues for the Committee to review.
- Requires the Committee to submit a report regarding the committee's activities and recommendations on or before December 1, 2006 to the Governor, the President of the Senate, the Speaker of the House of Representatives, and to provide a copy to the Secretary of State and the Director of the Arizona State Library, Archives and Public Records.
- Repeals the Committee from and after December 31, 2006.
- Appropriates \$750,000 in FY 2006-07 from the state General Fund to ADC for the purpose of funding the electronic monitoring of sex offenders.
- Appropriates \$750,000 in FY 2006-07 from the state General Fund to the Supreme Court for the purpose of funding the electronic monitoring of sex offenders.
- Exempts the appropriations from lapsing through June 30, 2008.

**SB 1376 – Chapter 369 – capital case litigation; public defender**

Establishes the State Capital Postconviction Public Defender Office (SCPPDO) and appropriates \$220,000 for the implementation of the office.

- Requires the Supreme Court to appoint counsel from SCPPDO to represent a capital defendant unless a conflict exists or the court makes a finding that the office cannot represent the defendant.
- Changes the county public defender training fund to the public defender training fund and makes SCPPDO eligible to receive monies from the fund.
- Changes references to the *county public defender* to the *county employed indigent defense counsel*
- Specifies that counsel appointed to represent defendants in cases where SCPPDO cannot provide representation must meet specified qualifications.
- Establishes the State Capital Postconviction Public Defender Office.
- Requires SCPPDO to request reimbursement for 50% of the costs incurred by providing representation, not to exceed \$30,000 per case.
- Stipulates that the Governor shall appoint the State Capital Postconviction Public Defender on the basis of merit to serve one four year term.
- Establishes the criteria for the State Capital Postconviction Public Defender.
- Establishes the State Capital Postconviction Public Defender's salary as equal to the Chief Counsel of the Capital Litigation Section in the office of the Attorney General.
- Establishes the duties of the State Capital Postconviction Public Defender.
- Stipulates that the postconviction public defender may only accept and spend gifts and grants for improving and enhancing the ability of SCPPDO to perform its responsibilities and employ not more than three deputies or more than four other employees and establish offices as needed.
- Establishes the 10-member Nomination, Retention and Standards Commission on Indigent Defense (Commission). Stipulates that Commission members serve three-year terms.

- Stipulates that each Commission member must retain the occupational status under which the member was appointed during each member's term.
- Specifies that the members of the commission shall elect the chairperson, who may not serve consecutive terms.
- Stipulates that upon a vacancy, the Commission must submit at least three names of nominees to the Governor for the office of State Capital Postconviction Public Defender, two-thirds of which may not come from the same political party.
- Terminates the State Capital Postconviction Public Defender Office on June 30, 2012.
- Appoints the state capital postconviction public defender for a term beginning February 1, 2007 and ending on January 31, 2011.
- Provides an effective date of December 31, 2006.
- Appropriates \$220,000 from the state General Fund in FY 2006-07 to SPPDO.
- States that the purpose of the State Capital Postconviction Public Defender Office is to represent a person who is not financially able to employ counsel in postconviction relief proceedings in state court after a judgment of death has been rendered.

**SB 1441 – Chapter 372 – \*wildlife habitat; restoration fund; appropriation**

Establishes the Wildlife Habitat Restoration and Enhancement Fund (Fund) consisting of legislative appropriations.

- Allows the director of the Arizona Game and Fish Department to direct the State Treasurer to invest and divest monies in the fund, and any monies earned from investment shall be credited to the fund.
- Directs the Commission to:
  - ⇒ Monitor and oversee specific projects for which the legislature appropriates monies.
  - ⇒ If necessary, change the priority of specific appropriated projects, subject to the approval of the Commission at a public hearing.
  - ⇒ Submit a semiannual report detailing goals, objectives, and funding of the Fund to the Speaker of the House, President of the Senate, Appropriations Chairmen, the Governor, and provide copies to the Secretary of State and Director of the Arizona State Library, Archives and Public Records.
- Appropriates \$3.5 million from the state General Fund in FY 2006-07 to the Fund for specific, prioritized projects.

**SB 1554 – Chapter 272 [E] – \*home cooking schools; regulation; exemption**

Exempts specific places and events from regulation by the Department of Health Services (DHS) relating to food production, handling, storing or distribution.

- Exempts noncommercial social events, fundraisers, and cooking schools where the food is prepared at an owner-occupied home, a place determined as non-hazardous and a place where food and drink is prepared and served at an employee-conducted function that lasts less than four hours and is not regularly scheduled from normal regulation from DHS.
- Allows cooking schools set in private homes to be exempt from standard DHS rules if the school is preparing or serving food only once per day, serving no more than 15 students, and if the students are informed in writing that the school is not bound by the Department.



# COMMITTEE ON COMMERCE

***Representative Michele Reagan, Chairman***  
***Representative John McComish, Vice-Chairman***  
***Diana Clay O'Dell, Legislative Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
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**HB 2041 – Chapter 15 – industrial commission; continuation**

Continues the Industrial Commission of Arizona and its five subordinate advisory/review boards an additional 10 years.

**HB 2042 – Chapter 43 – board of technical registration; continuation**

Continues the Arizona Board of Technical Registration for a period of 10 years.

**HB 2043 – Chapter 59 – Arizona power authority; continuation**

Continues the Arizona Power Authority for an additional 10 years.

**HB 2096 – Chapter 8 – weights and measures; reference standards**

Modifies a reference in the Department of Weights and Measures statutes to conform to national standards.

**HB 2273 – Chapter 320 – corporations and LLC omnibus**

Effective January 1, 2007, amends the statutes of the Arizona Corporation Commission (ACC).

- Limits the use of service terms. Conforms both Title 10 (Corporations and Associations) and Title 29 (Partnerships) of the Arizona Revised Statutes.
- Rewrites the sections of law pertaining to the authority and duties of the statutory agent.
- Conforms and reconciles statutory language with regard to corporate names and prepaid monies for filings and services.
- Increases the penalty to a Class 4 Felony for any person who knowingly files false documents, or fails to answer interrogatories issued by the ACC.
- Permits certain pertinent documents to be re-submitted within 30 days of rejection and limits the use of Articles of Correction only for documents already filed.
- Establishes a withdrawal mechanism for foreign corporations and foreign nonprofit corporations that have not yet issued shares or transacted business in Arizona.
- Revises the date requirements for renewals, and eliminates certain other filing requirements.

**HB 2277 – Chapter 93 – recreational vehicle parks; long-term rentals**

Requires a current copy of the *Arizona Recreational Vehicle Long-Term Space Act* to be available for existing tenants, and given to new tenants before they enter into a lease agreement.

**HB 2327 – Chapter 94 – corporations; shares without certificates**

Eliminates the requirement for a corporation to issue a physical certificate for shares.

**HB 2374 – Chapter 190 – \*dental hygienist; practice without license**

Increases the penalty for practicing dental hygiene without a license to a Class 1 misdemeanor.

**HB 2442 – Chapter 139 – transportation of human remains**

Requires human remains to be shipped in a suitable container.

**HB 2443 – Chapter 13 – \*beneficiary deeds; predeceased grantee beneficiaries**

Requires the owner of real property to provide additional information relating to the *Beneficiary Deed* when the beneficiary becomes deceased before the owner of the property.

**HB 2484 – Chapter 208 – \*personal identifying information records; disposal**

Creates disposal and record discard requirements for businesses and government.

**HB 2509 – Chapter 335 – \*Arizona welcome center; Yuma; appropriation**

Appropriates \$2 million from the State General Fund in FY 2006-07 to the Office of Tourism for distribution to the City of Yuma to establish an Arizona Welcome Center. Conditions the appropriation on the Office of Tourism informing the Joint Legislative Budget Committee that plans have been delivered to the City of Yuma and the city has received ownership of the property. Restricts the city's planning and design to a maximum \$500,000 of the appropriation.

**HB 2585 – Chapter 274 – \*contractors; appliance exemption; licensure**

Increases the handyman's exemption to \$1,000, excluding manufacturers' unaltered electrical fixtures and appliances that can be plugged into a two or three-pronged household electrical outlet.

**HB 2621 – Chapter 383 – \*illegal liquor sales; liability**

Establishes a modified restaurant license for businesses that fail a Department of Liquor Licenses and Control (DLLC) audit, have between 30 and 40 percent food sales, and receive approval from DLLC to continue operating. Limits approval to 15 modified licenses in the next two fiscal years.

- Appropriates \$450,000 from the State General Fund in FY 2006-07 to DLLC to hire three investigators and two auditors.
- Outlines the specific mandates for the restaurant premises, required public input and audits.
- Between July 1, 2006 and December 31, 2008, permits the transfer of bar, beer and wine bar and liquor store licenses from counties with 500,000 persons or more to those with less.
- Requires DLLC to report to the Governor and Legislature by November 1, 2007 regarding the impact of the provisions of the bill.

**HB 2754 – Chapter 142 – security guards; private investigators; reciprocity**

Amends statutes to permit reciprocity agreements between the Department of Public Safety (DPS) and another state. Outlines requirements for both private investigators and security guards.

- Prescribes that the director of DPS may conduct periodic criminal history record checks to update licensing and registration status.
- Adds two members to the hearing board and allows the director to extend a member's term up to six months or until a qualified replacement is found.
- Exempts the Arizona Rangers from the provisions of the bill.

**HB 2779 – Chapter 384 – \*disclosure; hazards; property**

Creates a hazard disclosure report relating to real property, based on government maps and other information as outlined. The report may be provided to a buyer directly by the seller, or through an authorized third party.

- Exempts property that requires a public report.
- Outlines specific hazards that must be included in the report.
- Mandates a minimum \$10 million insurance for a third party provider.

- Denotes liability for failure to disclose pertinent information, as well as immunity from liability when there is no actual knowledge of an error, inaccuracy or omission in the disclosure of information.
- Permits a third party provider of information to agree by contract to indemnify a person to a greater extent than is required by the provisions.

**HB 2780 – Chapter 291 – board of behavioral health examiners**

Makes changes to the statutes that govern the Board of Behavioral Health Examiners and the related field of practice.

- Authorizes the Credentialing Committee to dismiss complaints if they are without merit. Prohibits dismissed complaints from being disclosed as unprofessional conduct or noted against the licensee's complaint history.
- Outlines information that must be released to the public when an investigation is ongoing.
- Redefines and describes the confidential nature of the licensee/client relationship.
- Requires the Board to either issue or deny a license within 180 days of an applicant's submission of a complete application.
- Requires the Board to consider an applicant's education, supervised work experience and clinical supervision equivalencies in determining reciprocity.
- Establishes a committee to recommend specific experience necessary to satisfy the requirements for licensed clinical social workers. Directs the committee to make recommendation to the Board by March 31, 2007, make a copy of the recommendations available to the public upon request, and post the document on the Board's website.

**HB 2785 – Chapter 260 – telephone records; unauthorized sale prohibited**

Prohibits any person from obtaining, selling, attempting to sell, or receiving telephone records of any Arizona resident without the person's authorization.

- Directs telecommunications companies maintaining telephone records to establish reasonable procedures to protect the consumer against such unauthorized or fraudulent disclosure.
- Stipulates that a violation is an unlawful act pursuant to the Consumer Fraud Act, and authorizes the attorney general to investigate and take action.
- Designates a two-year limitation for filing a civil action and stipulates relief.
- Prescribes a violation as a Class 1 misdemeanor and subjects the violator to forfeiture of any personal property used or intended to be used to commit the offense.

**HB 2786 – Chapter 236 – medical records; health professionals**

Requires a health professional to prepare a written protocol for the secure storage and transfer of patient medical records in the event the health professional terminates or sells the practice and medical records will not remain in the same physical location. Outlines specific requirements.

**SB 1024 – Chapter 27 – computer software agreements; ADOT**

Allows the Arizona Department of Transportation to share pertinent computer programs with out-of-state agencies and political subdivisions.

**SB 1066 – Chapter 278 – \*cigarette sales; licensing; luxury tax**

Provides new licensing guidelines for cigarette manufacturers, importers, and distributors; creates new civil and criminal penalties relating to the use or possession of unstamped, or unlawfully stamped cigarettes; specifies when cigarettes are either tax-exempt or are not required to be stamped; and changes the requirements for licensed distributors of tobacco products.

- Forfeits to the state all cigarettes seized due to statutory violations. Authorizes a hearing process. Outlines requirements for destruction of the cigarettes.
- Exempts cigarettes seized by the Department of Revenue (DOR) due to improper stamping or having unpaid taxes from being sold.
- Mandates that if a cigarette distributor defrauds the state by knowingly and intentionally failing to keep proper records, refusing to pay luxury taxes or attempting to defeat the luxury tax, the distributor forfeits all fixtures, equipment and all other material and personal property located on the distributor's premises to the state. In lieu, the department may seek action against the distributor by the attorney general or a county attorney.
- Clarifies and outlines requirements related to payment of luxury tax and specifies penalties. In addition to current penalties, imposes civil penalties for cigarette manufacturers, importers or distributors who knowingly and intentionally sell or possess cigarettes with false labels, counterfeit tax stamps or who obtain cigarettes through the use of a counterfeit license.
- Stipulates that official tax stamps do not need to be purchased if a registered individual follows certain specified procedures. Outlines requirements including itemized reports.
- Requires wholesalers, distributors or retailers to make their records regarding luxuries available for inspection by DOR at all times. Details specifics.
- Requires individuals who acquire or possess unstamped cigarettes solely for their own use or consumption to register with DOR in order to remit the proper taxes.
- Details the authority of DOR to deny or revoke a license as outlined.
- Requires DOR to publish and update the names of those issued cigarette manufacturer, importer, or distributor licenses on its web site.
- Repeals the provision of law that requires cigarettes from out-of-state to have the necessary tax stamp affixed within 48 hours of receipt by the licensed distributor.
- Requires record retention for a period of four years after the date of the transaction. Authorizes DOR to share the pertinent records and reports with other law enforcement officials of federal and state governments under conditions that assume the confidentiality of taxpayer information.
- Provides an effective date and taxable period applicability date of October 1, 2006 for specified sections of the act.
- Provides a delayed conditional effective date for specified sections of the Act the later of: July 1, 2007; or, the date when the director of DOR notifies Legislative Council when the tax stamp for registered individuals is made available.

**SB 1138 – Chapter 81 – condominiums; real property conveyance**

Provides a process whereby a Condominium association may convey real property assets.

**SB 1188 – Chapter 255 – bail bond agent prohibition**

Authorizes a convicted felon to qualify as a bail bond agent if the felony conviction has been set aside or the person's civil rights have been restored except: a conviction of theft; or, a conviction of any crime involving possessing or carrying a deadly weapon. Retroactive to May 1, 2006.

**SB 1219 – Chapter 183 – person identifying information; recorded documents**

Effective January 1, 2007, limits the use of certain identifying and financial information recorded on a public website.

- Stipulates that recorded documents and records on a public website must not contain more than five of an individual's social security numbers. Prohibits the documents/records from containing the following personal identifying information: credit, charge or debit card numbers; retirement account numbers; savings, checking or securities entitlement account numbers.
- Permits only the attorney general, county attorney, or both individuals, to file a legal action for a violation of the provisions of this bill.
- Assesses a \$500 civil penalty for violations of the provisions, except as outlined. Exempts a county agency from civil liability for any action relating to recorded information.

**SB 1221 – Chapter 263 – structural pest control; licensure exemption**

Exempts from licensure by the Structural Pest Control Commission, persons who provide lawn or garden care, shrub/tree maintenance, or who apply herbicide for weed control. Imposes penalties for violations.

- Excludes individuals who: use application equipment that holds more than eight gallons of liquid herbicide; use more than 25 pounds of a nonliquid herbicide; or, do not follow label directions.
- Requires treatment records be provided to customers and outlines specifics.

**SB 1222 – Chapter 86 – professional employer organizations; registration**

Requires the Registration Statement to include whether a person has been convicted of a felony relative to the Professional Employer Organization industry.

- Requires disclosure for the preceding 10 years for felony convictions for crimes involving accounting or tax violations, dishonesty, fraud, embezzlement, theft, forgery or perjury.
- Directs the Secretary of State to deny the application of any management-level person convicted of a felony as outlined.
- Lengthens the allocated time for a registrant to file a renewal to 180 days.

**SB 1250 – Chapter 53 – uniform commercial code; amendments**

Makes changes to the Uniform Commercial Code (UCC) by repealing, then re-writing and updating, modifying and clarifying statutes.

- Directs the UCC to be liberally construed to promote its purposes, provide uniformity and modernize the laws regulating commercial transactions. Contains a severability clause stating that if any provision is found to be invalid, that invalidity does not affect the remainder of the UCC.
- States the UCC supersedes the Federal Electronic Signatures in the Global and National Commerce Act, except as noted. Amends and removes pertinent definitions.
- Clarifies payment requirements and differentiates between a tangible document and an electronic document of title. Clarifies delivery and makes numerous changes and additions to the statutes regarding the manner of the delivery of goods, the shipment, receipt of possession or control of the document.

- Modifies, clarifies and updates the statutory language relating to liability for nonreceipt or misdescription as well as the duty of care requirements. Designates the purchaser as a *good faith* purchaser with regard to an altered warehouse receipt.
- Stipulates the warehouse lien or security interest is not effective against a person who had a legal interest or perfected security interest in the goods but did not deliver actual authority: to ship, store or sell; or deliver power to obtain delivery. Clarifies the effectiveness of the lien against all persons as outlined, and defines *household goods*.
- With regard to a warehouse lien on goods, eliminates the requirement to provide notification in person, or by registered or certified letter to the last known address of any person to be notified. Instead requires all persons known to claim an interest in the goods to be notified.
- Clarifies the *issuer* is an *issuer of a bill of lading* with regard to goods that are loaded for shipment. Differentiates between a *tangible* bill and an *electronic* bill.
- Specifies the rules that apply to a negotiable electronic document of title.
- Stipulates that in the case of a transfer of a non-negotiable document of title, the rights of the transferee may be defeated by a lessee from the transferor in ordinary course of business if the bailee has delivered the goods to the lessee or received notification of the lessees' rights.
- Makes the chapter applicable to a document of title issued or a bailment that arises on or after the effective date of the chapter. Contains a saving clause. Clarifies when a document of title is a financial asset.
- Outlines requirements if a secured party has control of an electronic document. Conforms statutes by providing reference to *tangible documents*, *electronic documents* and *control*.

### **SB 1276 – Chapter 310 – wine shipment; limited production winery**

Redefines Domestic Farm Winery (Winery) and allows a consumer to directly purchase wine ordered by telephone, mail, fax, catalog or through the Internet. Specific requirements include:

- ⇒ The Winery produces fewer than 20,000 gallons per calendar year.
- ⇒ The purchaser provides verification of legal age, the wine is shipped to a residential or business address, and the shipping container requires an adult's signature and confirmation of delivery.
- ⇒ The wine is solely for personal use, not for resale, and the purchaser could have lawfully carried the wine into the state.
- ⇒ Delivery is made by a person who is at least 21 years of age.
- ⇒ The Winery collects the price of the spirituous liquor at or before the time of delivery and pay all necessary and applicable luxury and transaction privilege tax.
- ⇒ Requires payment of a minimum \$500 surety bond and allows for exceptions as outlined.
- Reduces the maximum gallons a Winery can produce annually to qualify as a Winery from 75,000 gallons to 40,000 gallons and eliminates the requirement for at least 75 percent of the grapes be grown in Arizona.
- Authorizes a Winery that produces less than 20,000 gallons of wine annually to make sales and deliveries of its wine directly to *licensed retailers*.

- Permits a Winery to hold a beer and wine bar, beer and wine store, or a restaurant license as outlined. The Winery must purchase all spirituous liquor for sale at other on-sale retail premises from licensed wholesalers, except the winery may purchase wine directly from other wineries that produce less than 20,000 gallons of wine a year and make deliveries of to the winery's licensed retail premises.
- States that an act or omission by any person who makes a sale or delivery of wine for a Winery that is direct shipping to a consumer is an act or omission of the Winery. Further, makes the Winery liable for any violation committed in connection with any sale or delivery of its wine.
- Allows a wine producer to sell wine on its licensed premises.
- States the purpose of the Act is to conform to the requirements of the U.S. Supreme Court decision by adopting non-discriminatory laws that govern the sale and delivery of wine produced by small wineries. Further, the intent is to maintain the three-tier system for regulating the sale and delivery of spirituous liquor, as well as the current revenue collection and law enforcement.
- Contains a severability clause.

**SB 1292 – Chapter 163 – \*single solicitation; construction services**

Allows an agent to procure multiple contracts in a single solicitation for job-order contracting construction services for horizontal construction.

**SB 1322 – Chapter 302 – \*domestic micro-brewery; licensure**

Amends statutes relating to a Domestic Microbrewery by redefining the term to include any brewery in the United States, or its territory or possession that meets the statutory requirements.

- Requires the annual report to the Department of Liquor Licenses and Control to include the amount of beer delivered.
- Outlines beer production limitations as follows: not less than 5,000 gallons in each calendar year following the first year in operation, nor more than 620,000 gallons per calendar year thereafter.
- Limits the amount of beer a Microbrewery may sell to other licensed retailers to 93,000 gallons in any calendar year. Any excess must be purchased from a wholesaler.
- Permits a Domestic Microbrewery to sell and deliver beer to licensees in other states, provided the sale or delivery is also lawful in the other states.
- Allows a domestic microbrewery to sell and deliver beer that it has produced directly to retail licensees that are under common ownership with the microbrewery in any amount.
- Removes the ability for both a domestic farm winery license and a domestic microbrewery license to be issued for a common location. Separates the microbrewery and winery statutes.
- Conforms Department of Revenue statutes for purposes of taxation.

**SB 1364 – Chapter 281 – restocking fees; disclosure**

Effective November 1, 2006, requires businesses to disclose restocking fees. Outlines requirements.

**SB 1367 – Chapter 222 – motion picture production incentives**

Retroactive to January 1, 2006, makes changes to the certification of motion picture production costs and the qualification for motion picture production tax incentives.

**SB 1388 – Chapter 88 – structural pest control; regulation; exemptions**

Stipulates that a utility and its employees are exempt from licensure by Structural Pest Control Commission if pest control services are immediately necessary for an employee's health and safety so the employee may continue working and a qualifying party ensures that employees are properly trained, supervised and equipped.

**SB 1402 – Chapter 185 – sales representative contracts**

Outlines statutory requirements for sales representative contracts and stipulates exclusions.

- Requires the principal and the sales representative to enter into a written contract and mandates inclusion of the terms of payment and computation of the commission. Outlines and clarifies payment of commissions upon termination of the contract.
- Entitles the prevailing party in a court action to collect court costs and reasonable attorney fees.
- Repeals and rewrites the section of law pertaining to wages and commissions.
- Specifies Arizona's jurisdiction when a principal establishes a business relationship with a sales representative to solicit orders for products or services in-state. Voids any waiver or contract provision to the contrary.

**SB 1486 – Chapter 306 – corporation commission; telecommunications arbitration**

Authorizes the Arizona Corporation Commission to administer arbitration procedures to resolve complaints or disputes brought by a consumer against a wireless telecommunications company when the wireless service is a part of bundled services. A telecommunications company is not subject to these arbitration provisions unless there is a written consent agreement by both parties.

# COMMITTEE ON COUNTIES, MUNICIPALITIES AND MILITARY AFFAIRS

*Representative John B. Nelson, Chairman*  
*Representative Jerry P. Weiers, Vice-Chairman*  
*Megan Gnagy, Legislative Research Analyst*



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause

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**HB 2031 – Chapter 118 – \*outdoor recreation coordinating commission; continuation**

Continues the Arizona Outdoor Recreation Coordinating Commission until July 1, 2007.

**HB 2054 – Chapter 102 – tax check-off; veterans' donations fund**

Requires the Department of Revenue to include a space on the individual income tax return to allow a taxpayer to voluntarily designate an amount to donate from their tax refund to the Veterans' Donation Fund in taxable years beginning January 1, 2007.

**HB 2056 – Chapter 256 – military support special license plates**

Requires the Arizona Department of Transportation to issue military support special license plates. The Department of Veterans' Services is responsible for the costs of issuing and designing the plates. There will be an annual fee of \$25 for the plates.

**HB 2059 – Chapter 119 – veterans' services; powers and duties**

Modifies the powers and duties relating to the Department of Veterans' Services including property acquisition, training and contracting with non-profit organizations. In addition, the bill clarifies the eligibility requirements for a veteran to receive a deferral of tuition and fees.

**HB 2060 – Chapter 90 – military airport disclosure; residential property**

Requires any seller of residential real estate to provide a written disclosure prior to the transfer of title if the property is located in territory within the vicinity of a military airport or ancillary military facility as shown on a map prepared by the State Land Department, including training routes and restricted airspace.

**HB 2061 – Chapter 120 – veterans; proper burial**

Requires a county to notify a veterans' organization in the event that a decedent was an honorably discharged veteran whose family either declined or is unable to pay to bury the veteran. A county board of supervisors must appoint an honorably discharged veteran to oversee the final disposition of indigent veterans and their spouses if their final arrangements are coordinated through the county including burial in a veterans' cemetery.

**HB 2134 – Chapter 10 – nuclear facility; emergency planning zone**

States that a legal description of an emergency planning zone (the 10 mile radius surrounding a nuclear generating station) shall be prepared, executed and recorded in the office of the county recorder by the owners of a commercial nuclear generating station.

**HB 2136 – Chapter 129 – \*building construction; procedures**

Requires a city, town or county to authorize the design and construction of a building in accordance with Title 34, Arizona Revised Statutes, relating to public buildings; assuming that bonds for such purpose were awarded at an election.

**HB 2145 – Chapter 2 [E] – county island fire districts; agreements**

An emergency measure that authorizes any person to petition the county board of supervisors to create a County Island Fire District (District). The bill outlines the process for forming the District and requires the surrounding city to provide emergency medical and fire services to the District. The process for determining the cost of services is included as well as authorizing the county to assess a secondary property tax on the residents of the county island to pay those costs.

- Stipulates that a city has no legal obligation to provide emergency medical or fire services to residents of the county that are not located within the boundaries of the city until a District is certified by the county board of supervisors.
- Restricts the locations where a District may be formed.

- Clarifies that property owned by a public service corporation regulated by the Arizona Corporation Commission and property owned by an agricultural improvement district are exempt from paying the city prescribed fees for emergency services.
- Makes cities and towns liable for gross negligence when providing emergency services.
- Requires cities and towns to provide workers compensation to emergency service providers when performing services in a county island fire district.
- Mandates that a District provide a three year report and five year sunset review to the legislature.
- Requires a county to enter into an intergovernmental agreement with a city for emergency fire and medical services if the county island does not form a District.
- Stipulates that a county is liable if a city that has entered into an intergovernmental agreement for providing emergency services is hindered in services as a result of negligence by the county in enforcing building, zoning or other related codes in a county island receiving emergency services.

**HB 2220 – Chapter 298 – \*identifying information; code enforcement officers**

Protects the personal information of a Code Enforcement Officer from being released with intent to harm in the same manner as a justice, judge, commissioner, public defender or prosecutor and authorizes a Code Enforcement Officer to submit an affidavit to the county recorder, county assessor, county treasurer and the Motor Vehicle Division requesting that the general public be prohibited from accessing personal identifying information. These protections apply only to currently employed Code Enforcement Officers.

**HB 2222 – Chapter 258 – \*underground facilities; landlords**

Requires a landlord of an apartment complex or mobile home park to register with a one-call notification center and complete underground facility marking for facilities installed after December 31, 2006 or notify an excavator that marking is unnecessary before excavation can begin.

- Requires mobile home park and apartment complex landlords (landlords) to maintain and transfer all underground plans, drawings and records with the location of all underground facilities in the property at the close of the sale of the property.
- Stipulates that an excavator who fulfills the reasonably prudent standard of care and complies with statutory conditions is not in violation of law if a landlord refuses to respond to an excavator's request for markings.
- Outlines the methods a landlord may use to mark underground facilities.
- Requires landlords to mark underground facilities beginning January 1, 2007. Requires landlords to maintain installation records for any new underground facilities installed after January 1, 2007 and exempts landlords from being required to represent underground facilities as abandoned if they were installed before January 1, 2007.
- Imposes liability on a landlord for all damages incurred by an excavator as a result of a failure by the Landlord to mark an underground facility and clarifies that a landlord is not required to mark facilities owned by a tenant.

- Stipulates that a landlord is not required to maintain, clean or unstop underground facilities owned by another person.
- Exempts a homeowner or landlord from any liability for costs or expenses resulting from damage to an underground facility owned by the homeowner or landlord but located within a public right-of-way if the damage was not caused by the homeowner's or landlord's actions.

**HB 2236 – Chapter 132 – community facilities districts; counties**

Removes the requirement that a Community Facilities District (CFD) be formed *for the sole purpose of financing school sites and facilities* and allows CFDs to collect an ad valorem tax and issue general obligation bonds.

**HB 2348 – Chapter 24 – local warrant payment; definitions**

Clarifies statutes relating to warrants and substitute checks processed by city and county treasurers, thereby allowing treasurers to handle substitute checks and warrants electronically.

**HB 2349 – Chapter 206 – county assessors; property fund; continuation**

Extends the repeal date of the County Assessors Property Information Storage and Retrieval Conversion and Maintenance Fund until December 31, 2011.

**HB 2432 – Chapter 111 – county long-term obligations; public hearing**

Requires a county board of supervisors in a county with a population of less than 500,000 to hold a public hearing before approving the issuance of revenue bonds, certificates of participation or any other long-term obligation not secured by the full faith and credit of the county.

**HB 2496 – Chapter 210 – community park maintenance districts**

Authorizes a community park maintenance district (District) to be formed in a single county. Current law requires a District to be located in more than one county and requires a district impact statement to be submitted to the county board of supervisors (Board) of each county and each Board must approve the creation of a District. The District is not formed until thirty days after the final Board has voted to approve.

**HB 2570 – Chapter 175 – counties; census boundary program participation**

Requires each county to submit precinct boundary lines for the Voting Tabulation District and Block Boundary Suggestion Program that is administered by the U.S. Census Bureau to prepare for the 2010 census.

**HB 2708 – Chapter 235 – underground facilities; marking procedures.**

Makes several changes to statutes relating to underground facilities marking.

- Clarifies that Homeowners' Associations that own underground sewer facilities located in a public right-of-way are not responsible for marking underground facilities.
- Prohibits a building official or political subdivision from requiring the installation of one or more sewer clean-outs for the purposes of locating an underground facility except as required by building code.
- Exempts underground facilities installed within single family residential property that are beneath a pool, permanent pool decking or a permanent building from the requirement that the facilities be installed with a detectible underground location device.
- Exempts homeowners' associations from liability for excavating in an express or implied private property utility easement under specified circumstances.

- States the liability exemption for damage to underground facilities by a homeowner or homeowners' association does not apply to any person employed by a homeowner or a homeowners' association.

**HB 2725 – Chapter 176 – veterans' memorial**

Authorizes the construction of a veterans' memorial on the Capitol Mall to be completed and dedicated within two years of this Act taking effect. Repeals the Act September 30, 2009.

**HB 2812 – Chapter 3 – licensing procedures; cable television**

Modifies the requirements for municipalities and cable operators to negotiate franchise agreements.

- Prohibits a licensing authority from levying a tax, rent, fee or charge on a cable operator for the use of public streets, roads or alleys to provide cable service.
- Limits the total rates of the license fee and any TPT (transaction privilege tax) taxes on gross revenue levied or assessed by a licensing authority to a maximum rate of five percent.
- Requires any reduction in the amount of fees, taxes or other charges paid to be passed on to subscribers.
- Prohibits a licensing authority from requiring a cable operator to provide in-kind services, make in-kind payments or pay a fee in addition to the license fee except that a licensing authority may require a cable operator to provide certain channel capacity including public access and basic tier to public facilities.
- States that the value of any channel capacity provided and of basic services provided may not be offset against the licensing fee levied.
- Allows for in-kind payments to be negotiated outside of the license agreement. If the payments are agreed to, they must be less than or equal to and offset against the license fee levied.
- Clarifies that a licensing authority may require a cable operator to bear reasonable costs associated with damage caused to public streets, roads and alleys by construction, maintenance and operation of its facilities in the highways and that are imposed on other telecommunications corporations as well as pay fines, fees, charges or damages for breach of terms and conditions of the license.
- Exempts any licenses in effect before July 1, 2007 from the limitations.
- If a license is extended or renewed and the license term begins before January 1, 2008, the limitations of TPT on gross revenue are five percent if the gross effective rate is five percent or less. If the gross effective rate is greater than five percent, a formula by year of the extension or renewal is outlined.
- Defines *gross revenue*, *gross effective rate*, *cable operator*, *cable service*, *other programming service* and *video programming* and modifies the definition of *cable television provider*.

**HB 2814 – Chapter 113 – restricted air space; notification**

Requires the Real Estate Commissioner to submit a document disclosing land within a county that is located under restricted air space according to the restricted air space map. These documents must be submitted to each county in Arizona which contains land under restricted air space. The notification requirements for all public reports are outlined for property located under restricted air space and issued after December 31, 2006. The restricted air space map will be posted on the Department of Real Estate's website.

**SB 1011 – Chapter 355 – appropriation; Pearl Harbor Memorial**

Appropriates \$69,000 to the Department of Veterans' Services from the State General Fund to be deposited in the National Pearl Harbor Memorial Fund in FY 2006-07.

**SB 1032 – Chapter 181 – national guard fund; family assistance**

Modifies the National Guard Relief Fund eligibility requirements to include the families of all Arizona National Guardsman mobilized in support of a contingency operation or state emergency.

**SB 1043 – Chapter 356 – appropriation; Tucson veterans' home**

Appropriates \$10 million in FY 2006-07 from the State General Fund to the Department of Veterans' Services to build and establish a veterans' home facility in Tucson. The appropriation is intended to be the state's share of the costs for the veterans' home facility and that no expenditures of the appropriation are to be made until the department has irrevocable commitments from United States government to provide at least 65 percent of the total costs. The appropriation is exempt from lapsing until June 30, 2008.

**SB 1044 – Chapter 45 – water; wastewater; sewer; service rates**

Stipulates that all proposed or mandated rates, fees or service charge adjustments or increases, as well as payments received for water or wastewater must be *just* and *reasonable*.

**SB 1160 – Chapter 295 – \*animal welfare; rescue; bestiality**

Modifies statutes relating to bestiality, cruelty to animals and public sexual indecency.

- Places liability on an owner convicted of cruelty to animals for any expenses incurred by authorities for rescuing animals that have been cruelly treated or neglected.
- Establishes that it is a Class 6 felony to commit the act of bestiality or causing another person to engage in such an act except that the penalty is raised to a Class 3 felony if the other person is a minor.
- Allows the court to require any person convicted of committing bestiality to undergo a psychological assessment and participate in appropriate counseling at the person's expense and/or reimburse an animal shelter for the costs of treatment of animals involved in the conviction.
- Exempts the certain veterinary and animal husbandry acts from the classification of bestiality.
- Defines *animal* as any nonhuman mammal, bird, reptile or amphibian, either dead or alive.

**SB 1162 – Chapter 156 – industrial development financing; procedures**

Makes changes to the statutes relating to Industrial Development Authorities (IDA) including projects related to nonprofit and correctional facilities, removal of an IDA Director, contracts for the issuance of bonds and Volume Cap limits.

**SB 1209 – Chapter 294 – public meetings; minutes; web site**

Requires public bodies of cities and towns that have a population exceeding 2,500 persons and a website to post information relating to public meetings on their website. A technological problem or failure that either prevents the public notices does not preclude holding a meeting if all other posting notices are complied with.

**SB 1255 – Chapter 36 – lot splits; fissures; recorded disclosure**

Requires a seller of five or fewer parcels to note on the affidavit of disclosure if the property is subject to fissures or expansive soils if the information is known.

**SB 1502 – Chapter 170 – judicial tax appeal determinations; carryover**

Requires the county assessor to use the valuation or change in classification of a property for the next year's valuation if, upon judicial appeal, the property valuation is reduced. The assessor is already required by statute to use the reduced valuation or change in classification upon administrative appeal.

# COMMITTEE ON ENVIRONMENT

***Representative Ray Barnes, Chairman***  
***Representative Colette Rosati, Vice-Chairman***  
***Tami Stowe, Legislative Research Analyst***



\* Strike-everything Amendment  
 [E] Emergency Clause  
 [P 108] Proposition 108 Clause

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**HB 2097 – Chapter 60 – radiation regulatory agency; sunset continuation**

Continues the Arizona Radiation Regulatory Agency and Radiation Regulatory Hearing Board for 10 years.

**HB 2098 – Chapter 61 – oil and gas commission; continuation**

Continues the Arizona Oil and Gas Commission for 10 years.

**HB 2159 – Chapter 239 – water infrastructure finance; payment approval**

Limits voter approval for Water Infrastructure Finance Authority (WIFA) financing of projects involving cities and town's drinking water or wastewater treatment facilities and nonpoint source projects or domestic water and wastewater improvement districts having a population over 50,000 persons. Additionally, the following changes were made:

- Clarifies that cities and towns with a population under 50,000 do not have to hold an election before construction, purchase, acquisition or lease property for use by a public utility.
- Clarifies that cities and towns may pledge revenues of the city's or town's utility system to the payment of the repayment agreement but may not violate any covenant pertaining to the utility system or systems.
- Clarifies that if there are less than 50,000 persons in the improvement district, the district's Board of Directors' approval is sufficient for financial assistance loan repayment agreements.
- Broadens WIFA's scope of financing to include wastewater improvement districts.
- Clarifies that an election is not necessary in a county improvement district, if a similar project with another funding source was voter approved.
- Allows a county improvement district to be dissolved if the functions of the district have been assumed by a utility.

**HB 2316 – Chapter 273 – \*flood control districts**

Authorizes the board of directors of a flood control district to adopt and enforce civil penalties for violations of its regulations or ordinances, unauthorized damage and interference to district facilities. Additionally, the bill provides for a notice of violations process, outlines an administrative hearing and final decisions process with hearing officers, establishes the Board of Hearing Review to consider hearing officer decisions and specifies enforcement and remedies of law.

**HB 2317 – Chapter 267 – \*mined land reclamation**

Prohibits counties from adopting zoning ordinances that prevent, restrict or regulate mined land reclamation activities and states that *mined land reclamation activities* include activities that are regulated pursuant to mined land reclamation and aggregate mined land reclamation statutes. Additionally, the bill adds to the definitions of *mine* and *mining* within the operation of mines statute by stating a *mine* includes the portion of an operation that is being reclaimed and *mining* includes mined land reclamation activities pursuant to mined land reclamation and aggregate mined land reclamation statutes.

**HB 2429 – Chapter 333 – solar energy tax incentives**

Requires the Department of Commerce (DOC) to establish a solar energy income tax credit program, establishes solar energy tax credits for commercial and industrial projects, removes the \$5,000 tax exemption limitation for retail and prime contracting classifications under the transaction privilege tax (TPT) and prohibits solar energy systems for on-site consumption from being added to property value.

**HB 2430 – Chapter 137 – energy cost saving measures; requirements**

Increases the energy cost savings performance contracting maximum terms for state buildings and school facilities to 25 years and clarifies that the maximum performance contract term will be over the expected life of the energy cost savings measures implemented or 25 years, whichever is shorter. The performance contract must provide that the energy and operational savings generated cover all costs after accounting for any financial incentives or assistance provided by utilities, rather than the contractor bear all costs. Additionally, the bill adds the definition of combined heat and power to the performance contracting program, which is any system that simultaneously or sequentially generates both electric or mechanical energy and useful thermal energy using the same unit of fuel and includes combined heat and power within the definition of *energy conservation measures*.

**HB 2521 – Chapter 194 [E] – small water systems; interim operators**

Is an emergency measure that allows WIFA to give emergency grants, through the Small Water Systems Fund, to Arizona Corporation Commission (ACC) approved interim operators or managers of small water systems when making repairs to or rehabilitating the public water system in order to correct or avoid interruption in water service, if designated by the Arizona Department of Environmental Quality (DEQ).

**HB 2562 – Chapter 303 – weights and measures; civil penalties**

Permits the Arizona Department of Weights and Measures (DWM) to impose the maximum civil penalty on a refiner, refinery, supplier or transmix processing facility which violate motor fuel quality standards or produce inaccurate, incomplete, misleading or deceitful transfer documents.

**HB 2590 – Chapter 98 – ethanol E85; motor fuel**

Places ethanol blend E85 and biodiesel blends in the definition of *motor fuel* for the purposes of regulating these fuels, specifies the reporting requirements, outlines the regulatory requirements and requires producers and retailers to post specified ethanol blend E85 information for vehicle owners.

**HB 2591 – Chapter 242 [E] – compressed natural gas; particulate program**

Is an emergency measure that amends Laws 2005, Chapter 332, section 9, to give specific grant authority to DEQ for the Compressed Natural Gas (CNG) and Diesel Particulate Filter School Bus Grant Program and further specifies the grant application requirements and procedures.

**SB 1140 – Chapter 32 – water; monitoring assistance program**

Expands the DEQ water Monitoring Assistance Program (MAP) to include testing for nitrates.

**SB 1144 – Chapter 115 – drinking water systems; equipment**

Requires chemicals, additives and drinking water system components that are added to or come into contact with drinking water to conform to the National Sanitation Foundation (NSF) standards and makes the following changes:

- Ensures that chemicals and additives certified as conforming to NSF standards comply with the Arizona drinking water standards.
- Allows public water systems to use chemicals, additives and drinking water system components that have not been certified as conforming to NSF standards provided the standards used are the specified alternatives.
- States that drinking water system components installed and used after January 1, 1993 shall conform to NSF standards unless identified by DEQ as an alternative at or after the time of use or installation.

**SB 1350 – Chapter 311 – pesticides; child care facilities; notification**

Subjects child care facilities to the same pesticide notification requirements that apply to schools, expands the list of pesticide applications that are exempt from notification requirements and modifies the conditions on the exemptions. Additionally, the bill requires the Department of Health Services (DHS), in consultation with specified groups, to develop and adopt a policy to provide parents, guardians, children and personnel with at least 48-hours notice before pesticides are applied on child care facility properties and specifies the details of the policy. Finally, the bill appropriates \$100,000 and two FTE positions in FY 2006-06 to the SPCC from the SPCC Fund for the purposes of this act.

**SB 1433 – Chapter 371 – tax exemption; liquid natural gas**

Exempts natural gas used for fueling the equipment used in the Liquefied Natural Gas (LNG) conversion process from TPT and use tax retroactively to tax periods beginning August 1, 2005, requires retroactive refund claims to be submitted to DOR by December 31, 2006. Failure to file a timely claim will constitute a refund claim waiver.



# COMMITTEE ON FEDERAL MANDATES AND PROPERTY RIGHTS

***Representative Chuck Gray, Chairman  
(January 2006 – March 16, 2006)***

***Representative Warde Nichols, Chairman  
(March 16, 2006 – Present)***

***Representative Judy M. Burges, Vice-Chairman  
Kristine Stoddard, Legislative Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause

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**HB 2079 – Chapter 17 – commercial landlords; telecommunications service**

Requires commercial building owners provide prospective tenants written notice of the names of any currently available telecommunications service providers that have equipment, property or connections in place at the commercial building.

**HB 2124 – Chapter 237 – rental agreements; emergency; tenant safety**

Prohibits a rental agreement of a residential unit from denying the right of any other person to summon a peace officer or other emergency services in response to an emergency and prohibits penalization for summoning a peace officer or other emergency assistance in response to an emergency.

**HB 2307 – Chapter 259 – \*prostitution; jail time**

Introduces minimum jail penalties for prostitution in relation to whether it is the first, second, third or fourth offense and allows cities and towns to enact/enforce prostitution ordinances that provide a punishment that is at least as stringent as provided in statute.

**SB 1007 – Chapter 71 – condominiums; homeowners' associations; records; fees**

Limits the fees that condominium or planned community homeowners' associations (HOA) may charge for records and stipulates that an HOA meeting may be closed when pertaining to records of the HOA that are directly related to personal, health or financial information.

**SB 1008 – Chapter 72 – condominiums; planned communities; foreclosure limitation**

Stipulates that a condominium or planned community homeowners' associations (HOA) with a lien on a unit can only foreclose on the property if the owner has been delinquent in the payments of the assessments secured by the lien for a period of one year or in the amount of \$1,200 or more, whichever occurs first. This excludes reasonable collection fees, reasonable attorney fees, charges for late payment, and costs incurred with respect to those assessments.

**SB 1055 – Chapter 75 – homeowners' associations; military flags**

Requires that condominium and planned community homeowners' associations (HOA) permit the outdoor display of military, POW/MIA, Arizona State, and Arizona Indian Nations flags within the HOA and stipulates that an HOA must adopt reasonable rules and regulations regarding the placement and manner of display of the military flag, POW/MIA flag, Arizona state flag or Arizona Indian Nations flag.

**SB 1264 – Chapter 317 – \*Arizona department of homeland security**

Establishes the Arizona Department of Homeland Security and specifies the duties that will be carried out through the Director and Deputy Director. SB 1264 also establishes the Department of Homeland Security Coordinating Council, the Joint Legislative Committee on Homeland Security and the Department of Homeland Security Regional Advisory Council.



# COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

***Representative Ted Carpenter, Chairman***  
***Representative Nancy G. McLain, Vice-Chairman***  
***Kristine Stoddard, Legislative Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
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**HB 2081 – Chapter 122 – solicitations; loan information; restrictions**

Prohibits the referencing of a lender's trade name, trade mark, or a loan number, loan amount or other specific loan information for solicitation without the authorization of the lender and reserves the right of the violated party to take action in the form of an injunction. The prohibition does not apply to communications by a lender or its affiliates with a current customer or a person who was a customer within 18 months immediately preceding the solicitation.

**HB 2162 – Chapter 172 – insurance annuities; protection**

Requires an insurance producer or an insurer to have reasonable grounds for believing that the recommendation for the purchase of an annuity is suitable for annuities consumers and establishes that an insurer's or insurance producer's recommendation must be reasonable under all of the circumstances actually known to the insurer or insurance producer at the time of the recommendation. HB 2162 also defines *annuity*, *business entity*, *insurance producer*, *insurer*, *managing general agent*, *recommendation*.

**HB 2164 – Chapter 107 – motorist coverage; claims; time limits**

Requires a person to notify an insurer of intent to pursue an uninsured and/or underinsured motorist claim within three years after the date of the accident.

**HB 2328 – Chapter 68 – department of financial institutions; records**

Permits the Department of Financial Institutions (DFI) to release records and information relating to financial institutions to a Federal Home Loan Bank, after the DFI receives authorization to release the records from the financial institution that is the subject of the records.

**HB 2364 – Chapter 233 – \*eosinophilic gastrointestinal disorder; benefits**

Requires that any contract or coverage that contains a prescription drug benefit and provides coverage of medical foods, provide coverage of amino acid based formula to treat Eosinophilic Gastrointestinal Disorders (EGID).

**HB 2426 – Chapter 207 – health professionals; lab costs; billing**

Declares that it is unprofessional conduct for a health professional to direct a laboratory that conducted a test at the health professional's orders, to submit the bill to the health professional instead of directly billing the patient, the responsible insurer, other third-party payor or the health care institution.

**HB 2698 – Chapter 229 – small business health insurance plans**

Outlines coverage exemptions for small business health insurance plans that include but are not limited to any surgical services, maternity benefits, coverage of medical foods to treat metabolic disorders, and drug or devices for contraception or outpatient contraception services.

**SB 1022 – Chapter 99 – state servicing banks; eligibility**

Establishes that the bank eligible to be a servicing bank that represents the highest bid will be designated as the servicing bank and stipulates that bids must be evaluated based on response, price, services, qualifications and other scope of work factors that are detailed in the bid documents.

**SB 1070 – Chapter 216 – group life insurance; coverage requirement**

Removes the requirement that a group life insurance policy, on which part of the premium is to be derived from funds contributed by insured members, only be placed if at least 75 percent of the eligible members participate.

**SB 1115 – Chapter 152 [E] – state servicing banks; proposals**

Changes the process in which banks meet qualifications for becoming a servicing bank by requiring submission of proposals instead of bids.

**SB 1148 – Chapter 33 – safe deposit boxes; unclaimed property**

Increases the time in which unclaimed property within a safety deposit box is considered to be abandoned from one year to three years.

# COMMITTEE ON GOVERNMENT REFORM & GOVERNMENT FINANCE ACCOUNTABILITY

***Representative Bill Konopnicki, Chairman***  
***Representative Jonathan Paton, Vice-Chairman***  
***Steven Moortel, Legislative Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause

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**HB 2001 – Chapter 187 – tax setoff for debts; verification**

Provides reimbursement guidelines for taxpayers who were incorrectly identified as debtors by a state agency or court and subject to an interception of state tax refunds. Additionally, the bill requires the agency or court to verify taxpayer identification by matching at least two items of identification of the taxpayer, and provide final confirmation in writing to the Department of Revenue and establishes that the taxpayer is entitled to a full refund, interest and penalties if the tax refund is incorrectly intercepted by the court. The penalties are 10 percent of the amount of the refund if the taxpayer is reimbursed within 180 days after the refund was wrongfully intercepted, 15 percent of the amount of the refund if the taxpayer is reimbursed between 180 and 365 days after the refund was wrongfully intercepted or 20 percent of the amount of the refund if the taxpayer is reimbursed after 365 days after the refund was wrongfully intercepted.

**HB 2009 – Chapter 5 – department of administration; continuation**

Continues the Department of Administration until July 1, 2016.

**HB 2010 – Chapter 89 – government information technology agency; continuation**

Continues the Government Information Technology Agency and the Information Technology Authorization Committee until July 1, 2016.

**HB 2011 – Chapter 41 – state personnel board; continuation**

Continues the State Personnel Board until July 1, 2016.

**HB 2012 – Chapter 42 – Prescott historical society; continuation**

Continues the Prescott Historical Society of Arizona until July 1, 2016.

**HB 2024 – Chapter 117 – government anti-identification theft assessment**

Requires government agencies to establish procedures to ensure that entity and personal identifying information is secure and inaccessible to unauthorized persons.

**HB 2040 – Chapter 6 [E] – ombudsman-citizen aide; reappointment**

Reappoints Patrick M. Shannahan as ombudsman-citizens aide until June 30, 2011.

**HB 2080 – Chapter 91 – \*utility development; advanced planning**

Allows an electric or natural gas utility to cooperate with any municipality or county to plan for anticipated facility installation. Additionally, it requires that plans developed and delivered by an electric or natural gas utility, a municipality or county include both the location and nature of the planned facilities in the municipality's general plan or county's comprehensive plan.

**HB 2083 – Chapter 104 – \*hit and run; mitigating; aggravating**

Expands the list of aggravating and mitigating circumstances to include the failure or compliance with laws regarding accidents resulting in the injury or death of another person.

**HB 2128 – Chapter 127 [E] – amusement gambling; charitable organizations**

Allows some organizations already in tax exempt status to hold amusement gambling contests without registering with the Attorney General.

**HB 2229 – Chapter 64 – peace officers memorial board**

Expands the Peace Officers Memorial Board by six members including the Director of the Department of Corrections, the Executive Director of the Arizona Criminal Justice System, two family members of peace officers who have lost their lives in the line of duty and two additional members from a statewide organization representing law enforcement personnel.

**HB 2231 – Chapter 11 – state employees; annual leave transfers**

Requires the Arizona Department of Administration's (ADOA) Personnel Board rules to allow for the transfer of accumulated annual leave, if an employee or a member of an employee's immediate family has a serious incapacitating and extended disability caused by pregnancy or childbirth.

**HB 2232 – Chapter 131 – capitol police; reserve officers**

Authorizes the ADOA to establish the Capitol Police Reserve as a volunteer organization consisting of U.S. citizens who are Arizona residents, who render auxiliary support, without compensation, to ADOA at the direction of the ADOA Director. The ADOA Director must issue a badge of authority, bearing the word *reserve* across the badge, distinguishing between certified peace officers and non-peace officers, to each reservist to be used for activities authorized by the ADOA Director.

**HB 2239 – Chapter 299 – reviser's technical corrections; 2006**

Corrects defective and/or conflicting statutory text.

**HB 2343 – Chapter 189 – developmental disabilities oversight committee**

Creates the 12 member Developmental Disabilities Oversight Committee (Committee) and charges the Committee with the following duties: Monitor and evaluate the effectiveness of the qualified vendor system of delivering services to the developmentally disabled; Take testimony and study the feasibility of modifications to the state's system of delivering services to the developmentally disabled; Study available employment opportunities for the developmentally disabled and make recommendations for improvement.

**HB 2376 – Chapter 135 – indecent exposure; breast-feeding**

States that breast-feeding is not an act of indecent exposure and that a mother is entitled to breast-feed in any area of a public place or a place of public accommodation where a mother is lawfully present.

**HB 2475 – Chapter 270 – \*clean innovation technology taskforce**

Establishes the 18 member Clean Coal Technology Task Force and requires the Task Force to develop a strategic plan for the advancement of future clean coal-fired power plants in Arizona. The strategic plan must educate citizens and policymakers on the suitability and cost of sulfur dioxide emissions controlling technologies, identify the potential for safely capturing and storing coal-fired power plant carbon dioxide emissions identify research opportunities and pilot demonstration projects and determine whether new state policies or incentives are needed.

**HB 2488 – Chapter 209 – child support enforcement; performance audit**

Eliminates the expiration date for unpaid child support judgments not reduced to a written money judgment. Requires the Office of the Auditor General (OAG) to conduct a special audit of the Department of Economic Security (DES) Division of Child Support Enforcement (DCSE).

- Eliminates the expiration date of three years after the emancipation of the last child for unpaid child support judgments that are not reduced to a written money judgment.
- Deletes specified situations where the expiration date does not apply and the requirement to notify parties to child support orders of the expiration date.
- Allows the child support obligor to assert as a defense that there was an unreasonable delay in attempting to collect child support debt if DES or the child support obligee attempts to collect the debt more than ten years after the emancipation of the youngest child. The obligor has the burden of proving an unreasonable delay.

- Allows the court, if it finds there was an unreasonable delay, to determine that some or all of the debt is no longer collectible after the date of the finding.

#### ***Paternity Findings***

- Allows a presumptive father to petition the court to terminate a child support order.
- Requires the court to order the petitioner, each child and the child's mother to submit to genetic testing to determine the child's inherited characteristics.
- Requires the court to vacate the determination of paternity and terminate the child support obligation if the court finds that the petitioner is not the child's biological father.
- Allows the court to terminate an order for child support if the court finds that paternity was established by fraud, duress or material mistake of fact.
- Provides that court orders terminating child support obligations are prospective and do not alter the obligation to pay child support arrearages or any other amount previously ordered by the court, unless the court orders otherwise.
- Provides that the petitioner's support obligations continue in effect until the court has ruled in favor of the petitioner.
- Allows the court to order the biological father to pay restitution to the petitioner for any child support paid before the court ruled in favor of the petitioner, if the court finds that it is in the child's best interests.

#### ***Special Audit of DCSE***

- Requires OAG to conduct a special audit of DCSE to assess performance of the following:
  - ⇒ The number of misdirected support payments and the number of demand letters sent in error or with erroneous information.
  - ⇒ The accuracy of the system by which DCSE records the receipt and transfer of payments and the system used to track changes relating to payees.
  - ⇒ The adequacy of the equipment used to communicate between agencies, the timeliness of processing court orders, the methodology used to collect payments, the accessibility of information to the public and any other DCSE function necessary to complete an accurate and timely audit.

#### **HB 2592 – Chapter 382 – school buildings: developer partnership**

Permits a school district governing board to enter into a voluntary partnership agreement with another party to cooperatively design and build school facilities, approved by the School Facilities Board (SFB) to ensure compliance with minimum adequacy and new construction standards, as long as the funds used to construct the facilities are non-school district funds.

- Allows the operation of a new school facility built by a school district governing board in voluntary partnership with another party to begin before the school district is eligible for monies from the New School Facilities Fund (Fund).
- Prohibits a county, city or town to require either a landowner who enters into a school district voluntary partnership agreement to build a new school facility or any future landowner located within the geographic boundaries of a school built through a voluntary partnership agreement to make any contribution or donation to a school district other than a site donation.

- Requires the SFB to exclude square footage built by a school district governing board in voluntary partnership with another party from its per pupil square footage calculation until the SFB pays the school district for that square footage.
- Stipulates that any cost to construct a school facility designed and built by a school district in voluntary partnership with another party that exceeds the amount the school district receives from the Fund is the responsibility of the school district, unless otherwise provided by the other party in the partnership agreement.
- Specifies that a payment made by the SFB to a school district for a school facility built by a school district in partnership with another party will be at the cost per square footage that was in effect when the school facility was constructed and can only occur after the SFB ensures that the school district facility complies with minimum adequacy standards at the time of payment.
- Requires a school district governing board to adopt a resolution in a public meeting that indicates analysis has been conducted on the prospective effects of using existing maintenance and operations monies for the operation of a new school built with a voluntary partnership agreement and the effect on other schools in the school district.
- Allows a school district to claim equal to 20% of the fair market value of land (excludes real property) that is donated for use from the Fund for the new school facility if the land is donated as part of a voluntary partnership agreement.
- Prohibits the use of a community facilities district to be used for reimbursement of financing for the construction of a school under a voluntary partnership agreement.
- Limits a voluntary partnership agreement between only a school district and a master planned community party.

**HB 2793 – Chapter 245 – DOC; peace officer status**

Adds the Arizona Department of Corrections (ADC) employees who have received a certificate from the Arizona Peace Officer Standards and Training Board to the definition of a *peace officer*.

**SB 1095 – Chapter 39 [E] – code talkers monument; extension**

An emergency measure that extends the completion deadline of the Navajo Code Talkers Monument to December 31, 2008.

**SB 1096 – Chapter 151 [E] – probation officers; overtime composition**

An emergency measure that excludes any probation or surveillance officer serving in an executive or administrative capacity from overtime compensation.

**SB 1112 – Chapter 314 – battle of the bulge monument**

Authorizes the placement of a monument commemorating the Battle of the Bulge in the Wesley Bolin Plaza.

**SB 1132 – Chapter 31 – enduring freedom monument; funding extension**

Extends the deadline to complete and dedicate the Enduring Freedom Memorial to August 25, 2007.

**SB 1180 – Chapter 280 – constable ethics committee; membership**

Removes the superior court judge and the chairperson of the Arizona Commission on Judicial Conduct from the Committee and adds one member from the Arizona Multi-housing Association. Additionally, allows a sheriff to charge a reasonable fee for executing a civil arrest warrant ordered by a judge or justice of the peace pursuant to court rule. Deposits the writ fees into the newly established Constable Ethics Committee Fund. Requires 80 percent of the fees to be used for constable training, equipment, and related grants, while the remaining 20 percent is to be used for operating expenses of the Committee. Finally, the act is to be known as *The Marilyn Jarrett Constable Ethics Act*.

**SB 1241 – Chapter 35 – 9/11 monument; deadline extension**

Extends the time allotted for the completion and dedication of the 9/11 Commemorative Monument to September 18, 2007.

**SB 1258 – Chapter 37 – law enforcement agencies; retirement credentials**

Requires law enforcement agencies to issue photo identification to officers who retire honorably.

**SB 1279 – Chapter 318 – minimum constable salaries**

Increases the cap for constable salaries in precincts with 16,000 or more registered voters from \$55,654, to \$61,208. Additionally, removes the requirement that constable salaries of no more than \$15,000 be based on the number of civil cases filed and requires the salaries of constables in precincts of 5,000 or fewer registered voters to be set at no more than \$15,000.

**SB 1338 – Chapter 232 – personal information; security breach; notification**

Effective January 1, 2007, requires a business or governmental entity conducting business in Arizona to notify state residents of a breach of their security system when personal information of the individuals has been compromised.

***Security Breaches***

- Requires a person conducting business in Arizona who owns or licenses unencrypted computerized data that includes personal information and who becomes aware of an incident of unauthorized acquisition of and access to unencrypted or unredacted computerized data to conduct an investigation to promptly determine if a breach of the security system has occurred.
- States good faith acquisition of personal information by an employee of a person for the purposes of the person is not a security breach if the personal information is not used for a purpose unrelated to the person or subject to further willful unauthorized disclosure.
- Excludes publicly available information from being personal information.

***Notification Requirements***

- Requires a person who determines a security breach has occurred to notify the individuals affected.
- States a person is not required to notify individuals of a security breach if the person or a law enforcement agency, after a reasonable investigation, determines a security breach has not occurred or is not reasonably likely to occur.
- Requires the notice of a security breach to be made in the most expedient manner possible without unreasonable delay subject to the needs of law enforcement and any measures necessary to determine the nature of the breach, to identify affected individuals or to restore reasonable integrity of the data system.

- Allows notification of a security breach to be delayed if a law enforcement agency advises the person that notification will impede a criminal investigation.
- Requires a person that maintains but does not own unencrypted computerized data that includes personal information to notify and cooperate with the owner of the information following discovery of a security breach without unreasonable delay. The owner of the data is required to provide notification of the security breach.
- States the person who maintained the data under an agreement with the owner of the data is not required to provide notice to individuals of a security breach unless the agreement stipulates otherwise.
- Requires notification of a security breach to be either by written, electronic or telephonic means, or provided by substitute notice.
- Allows a substitute notice to be provided if the cost of providing a notice by written, electronic or telephonic means would exceed \$50,000, the number of affected individuals to be notified exceeds 100,000 persons or the person does not have sufficient contact information for the individuals.
- Requires a substitute notice to consist of all of the following:
  - ⇒ Email notice if the person has email addresses for the individuals.
  - ⇒ Conspicuous posting of the notice on the person's website if the person maintains one.
  - ⇒ Notification to major statewide media.

#### ***Exceptions***

- Deems a person to be in compliance with the security breach notification requirements if the person notifies individuals of a security breach in accordance with the person's policies and those policies are consistent with the statute's notification requirements.
- Deems a person to be in compliance with the security breach notification requirements if the person complies with the notification requirements or security breach procedures pursuant to the rules, regulations, procedures, guidance or guidelines of the person's primary or functional federal regulator.
- Exempts the following from the security breach notification requirements:
  - ⇒ A person subject to the federal Gramm Leach Bliley Act.
  - ⇒ Covered entities under the federal Health Insurance Portability and Accountability Act.
- Requires law enforcement and prosecution agencies and the courts to create and maintain an information security policy that includes notification procedures for a security breach of the agencies' or the courts' systems.

#### ***Miscellaneous***

- Allows only the Attorney General to enforce the security breach notification requirements.
- Allows the Attorney General to bring an action to obtain actual damages for a willful and knowing violation of the security breach notification requirements and a civil penalty of not more than \$10,000 per security breach or series of breaches of a similar nature that are discovered in a single investigation.

- States security breach notification is a matter of statewide concern and the notification requirements preempt all municipal and county ordinances and rules.
- Repeals the security breach notification requirements one year after the effective date of the federal personal data privacy and security act. Requires the Attorney General to notify the Director of Arizona Legislative Council of this date.
- Defines *person*, *security breach*, *personal information* and *individual*.

**SB 1385 – Chapter 87 – inactive state funds; elimination**

Requires the Department of Administration and any other applicable agency to eliminate and delete the listed inactive funds from the department's active records and stipulates that all remaining monies in the eliminated funds be reverted back to the State General Fund.

**SB 1386 – Chapter 167 – crime victims; free police reports**

Expands victim's rights to public records by allowing the victim or family member one free copy of the police report.

**SB 1436 – Chapter 169 – office of manufactured housing; deputy**

Eliminates the Assistant Director position of the Office of Administration and reassigns the powers, duties, and functions of the Assistant Director to the Deputy Director of the Office of Manufactured Housing.

**SB 1454 – Chapter 315 [E] – fire district amendments**

An emergency measure that modifies fire district statutes regarding district formation, boundary change, governance and powers and duties.

***Fire District Formation and Boundary Changes***

- Requires the impact statement that is required to form a fire district to include a description of the scope of services to be provided by the district during its first five years of operation, including an estimate of anticipated capital expenditures, personnel growth and enhancements to service.
- Removes the ability of a person aggrieved by an annexation decision of the district board to appeal to the county board of supervisors.
- Removes the requirement that the court require the district pay court costs, including attorney fees, if the appellant prevails.
- Allows the Attorney General, county attorney or any other interested party to question the validity of the annexation for failure to comply with the annexation requirements and specifies filing and hearing requirements. Places the burden of proof on the plaintiff.
- Specifies the criteria to determine whether the proposed annexation is contiguous.
- Clarifies that assessed valuation of property does not include state or federal property.
- Allows a fire district, community park maintenance district or sanitary district to appropriate and spend monies to assist individuals or entities to change the district's boundaries.
- Establishes a process to change boundaries in conjunction with city or town annexation for fire districts that provide services to the city or town.
- Establishes a format in which all petitions to form a special taxing district must follow.

- Authorizes fire districts over 50,000 persons to expand their board to seven members from five members by a majority vote of the board. Specifies election and term of office requirements.
- Removes the requirement that a circulator of petitions to form a fire district attest to the presence of the property owners.

#### ***Fire District Powers and Duties***

- Allows a fire district to enforce the fire code adopted by the district.
- Establishes notice requirements for fire district elections.
- Allows a fire district to replace the adopted fire code with an alternative nationally recognized fire code with approval of the State Fire Marshal and after a hearing but without a vote of the district.
- Allows a fire district to adopt resolutions for a financial reimbursement to taxpayers scheduled for installation of certain fire protection systems such as sprinklers and monitored alarms.
- Requires the resolution to include: an analysis of savings to the district for use of the fire protection systems performed by a qualified expert; the specifications of all qualifying systems; the requirements for claiming reimbursement and; d) the requirement that the resolution expires one year after adoption.
- Allows a fire district board to change the district's name through a district vote rather than through an election. Specifies vote requirements for name change.
- Allows a fire district to require all employees to submit a full set of fingerprints.
- Authorizes a fire district to provide or assist in providing emergency fire or emergency medical services outside of its boundaries if the services are unavailable and the services are requested by any law enforcement, fire district, fire department or private person.
- Allows the fire district to receive reimbursement for the costs of providing the emergency services.
- Specifies that the person receiving the services is liable to the district for the costs and the costs constitute a debt of the person and may be collected by the district.
- Requires the cost for providing emergency fire or medical services to be set forth in the resolutions adopted by the district.
- Removes the current statutory limitation on reimbursement for fire protection services.

#### ***Fire District Mergers and Consolidation***

- Allows two or more fire districts to merge if the governing body of each district, by a majority vote, adopts a resolution declaring that a merger be considered and a public hearing be held to consider the issue. Specifies notice and hearing requirements.
- Deems the merger approved if after the hearing each district board adopts a resolution by a majority vote that the merger will promote public health, comfort, convenience, necessity or welfare and a majority of the electors vote in favor of the merger.

- Requires a district board to obtain written consent to the merger from any single taxpayer who owns 30 percent or more of the net assessed valuation of the total net assessed valuation of the district before considering any merger resolution.
- Authorizes a fire district to consolidate with one or more districts.
- Requires the requesting district to pass a resolution by a majority vote requesting consolidation into another fire district.
- Requires the requesting district to mail a notice of request to consolidate to the fire district in which the consolidation is requested.
- Requires the fire districts to prepare a consolidation impact statement on receipt of the resolution and on approval by majority vote of the district receiving the request. Specifies consolidation impact statement requirements.
- Requires a consolidation impact statement hearing and a consolidation of the districts hearing. Specifies notice and hearing requirements.
- Requires the receiving district to declare the district consolidated and each affected district joined if the district determines that the public health, comfort, convenience, necessity or welfare will be promoted and a majority of the electors vote in favor of the consolidation.
- Requires the consolidated district to be formed ten days after the district votes to create the district.
- Specifies the governance and naming requirements of the consolidated district.
- Requires a district board to obtain written consent to the consolidation from any single taxpayer who owns 30 percent or more of the net assessed valuation of the total net assessed valuation of the district before considering any consolidation resolution.
- Exempts fire district mergers and consolidations from the election requirements if the governing bodies vote unanimously in support of the merger or consolidation and any property owner from each district owning 30 percent or more of the total net assessed valuation consents to the merger.

#### ***Miscellaneous***

- Requires costs and reasonable attorney fees to be awarded to a defendant who is a prevailing party in a legal challenge regarding the formation of a county island fire district and allows the board of supervisors to advance funds to the county island fire district for the representation of named parties and defense of the action.
- Authorizes a county island fire district to enter into an intergovernmental agreement (IGA) with the county in which the district is located for any purpose not inconsistent with statute.
- Requires the bond election ballot to comply with electronic voting requirements.
- Requires personnel to be merged and become part of the fire department of the annexing city or town when the fire district is entirely annexed.

- Requires the joint petition to annex property into a city or town that is serviced by a fire district to state that the property will be under the jurisdiction of both the city or town and the fire district.
- Allows an election to reorganize a fire district administration to be held on any consolidated election date and requires the county board of supervisors to give notice in the same manner as for a fire district bond election.

# COMMITTEE ON HEALTH

***Representative D. R. Quelland, Chairman***  
***Representative Richard A. Murphy, Vice-Chairman***  
***John Mills, Legislative Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause

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**HB 2090 – Chapter 19 – hospitals; licensure**

Modifies the hospital licensure term for initial licensure to a fixed three-year period beginning on the effective date of the hospital's current Joint Commission on Accreditation of Healthcare Organizations' accreditation period. Changes the re-licensure term to three years from the expiration date of the current license. Specifies that re-licensure due to change of ownership will also be for a term of three years.

**HB 2091 – Chapter 124 – defibrillators; good Samaritans**

Adds a nonprofit entity that acts as an intermediary between the purchaser and the property owner where the defibrillator is located and a person or entity that provides an automated external defibrillator, to the list of entities not subject to civil liability. States that this provision shall not affect a manufacturer's product liability regarding the design, manufacturing or instructions for use and maintenance of an automated external defibrillator.

**HB 2106 – Chapter 20 [E] – certificates of foreign birth**

Allows the Department of Health Services to issue a State of Arizona certificate of foreign birth for an adopted person as long as the person was born in a foreign country, is not a United States citizen, has gone through a completed adoption process in a foreign country before coming to the United States and has an IR-3 stamped passport. Contains an emergency clause.

**HB 2107 – Chapter 62 – adult foster care; licensing**

Removes adult foster care providers from the list of exemptions from Department of Health Services licensing and regulation.

**HB 2110 – Chapter 92 – epinephrine; administration by good Samaritans**

Allows an untrained individual to give epinephrine to someone suffering from a severe allergic reaction if there is not a trained professional available if the individual acts in good faith and does not receive compensation for administering the epinephrine. The person who administers the epinephrine will not be subject to civil liability for any personal injury that results from the administration of the epinephrine unless the person acts with gross negligence, willful misconduct or intentional wrongdoing.

**HB 2177 – Chapter 378 – health insurance premium tax credit**

Establishes a tax credit against the premium tax liability incurred by a health care insurer for insuring individuals and small businesses currently without health insurance coverage. The overall tax credit is capped at \$5 million per year.

- Eligible small businesses, defined as two to 25 employees, in existence for at least one calendar year that have not provided health insurance to their employees for at least six months, can apply to the Department of Revenue for a non-transferable certificate. The employee receiving the credit must be a citizen of the United States or a legal resident alien and not currently enrolled in AHCCCS, Healthcare Group, Medicare or any other state or federal government health insurance program.
- Limits the credit to the lesser of 50 percent of the health insurance premium or \$1,000 for coverage on each single employee or \$3,000 for each employee who elects family coverage. Businesses are limited to three years' participation in this program.

**HB 2214 – Chapter 108 – \*practice; dental hygienists**

Allows dental hygienists to screen patients before an examination by a dentist and apply topical fluoride without entering into a practice relationship, provided they are employed or working under contract or as a volunteer for a public health agency or a public or private school.

**HB 2217 – Chapter 109 – accountable health plans; filing rates**

Requires each accountable health plan to annually file with the Department of Insurance (DOI) the accountable health plan's base premium rates and index rates. Upon request, DOI shall make the base premium rates or the index rates available to the public for inspection.

**HB 2282 – Chapter 65 – homeopathic board; continuation**

Continues the Board of Homeopathic Medical Examiners until July 1, 2008.

**HB 2283 – Chapter 66 – medical radiologic technology board; continuation**

Continues the Medical Radiologic Technology Board of Examiners until July 1, 2016.

**HB 2284 – Chapter 22 – nursing care board; investigations continuation**

Authorizes the Nursing Care Board to continue investigations of individuals even after they resign from practice and stipulates that the Nursing Care Institution Administrators and Assisted Living Facility Managers Board be terminated on July 1, 2011.

**HB 2285 – Chapter 67 – Arizona health facilities authority; continuation**

Continues the Arizona Health Facilities Authority until July 1, 2016.

**HB 2286 – Chapter 329 – umbilical cord blood; donation; information**

Beginning January 1, 2007, requires physicians to inform patients of the opportunity for umbilical cord donation unless doing so would conflict with the physicians' religious beliefs. The Department of Health Services (DHS) must create a pamphlet regarding cord blood donations that will be provided free of charge. DHS may accept gifts, grants and donations to produce the pamphlet, which outlines the process of umbilical cord donation, the risks associated with donation and current and potential uses of umbilical cord blood.

**HB 2382 – Chapter 136 – prescription medication; reuse**

Requires the Board of Pharmacy to establish a prescription medication donation program to accept and dispense prescription medications. Donations may be made at a participating physician's office, pharmacy or health care institution that meets criteria established by administrative rule. Medications shall be accepted only in their original, sealed and tamper-evident unit dose packaging. Prescription medication that is packaged in single unit doses may be accepted and dispensed even if the outside packaging is opened, if the single unit dose packaging is undisturbed. The repository may not accept donations of prescription medications that expire within six months of the donation or that are deemed adulterated.

**HB 2448 – Chapter 191 – \*AHCCCS; eligibility for services**

Beginning July 1, 2006, AHCCCS applicants are required to provide satisfactory documentation of citizenship or qualified alien status as required by the Federal Deficit Reduction Act of 2005 or any other applicable federal law or regulation.

Beginning October 1, 2007, the AHCCCS administration must submit a quarterly report to the Governor and the Legislature containing the following information:

- Number of individuals the AHCCCS administration verified eligibility using the Systematic Alien Verification for Entitlements (SAVE) program.
- Number and type of fraudulent documents discovered using the SAVE program.
- Number of United States citizens and non-citizens referred by the AHCCCS Administration for prosecution for violations of state or federal law.

The Department of Economic Security must submit a report to the Governor and the Legislature regarding eligibility verification measures and fraud prevention for individuals receiving cash assistance and AHCCCS benefits.

**HB 2643 – Chapter 196 – physical therapist assistants**

Allows physical therapist assistants with a minimum of 2,000 hours of direct experience to perform medical procedures when the supervising physical therapist is within 50 miles, on-call and available through telecommunications. Patients must be seen by the supervising physical therapist a minimum of every six visits or 14 days, whichever comes first.

Changes the membership of the Arizona Board of Physical Therapy by adding a physical therapist assistant and increasing the number of physical therapists serving on the Board from three to four.

**HB 2719 – Chapter 212 – AHCCCS; nonhospital providers; claims**

A licensed skilled nursing facility, assisted living home or community based Arizona long term care system provider that renders care to AHCCCS members, shall have any claims adjudicated by the program contractor within 30 calendar days after receipt by the program contractor for an authorized service. Any claim remaining unpaid within 30 calendar days accrues interest at the rate of 1% per month from the date the claim is received, prorated on a daily basis, and must be paid by the program contractor at the time the claim is paid.

**HB 2765 – Chapter 213 – optometrists; practice designations**

States that to be eligible to practice optometry one must practice as: a sole practitioner; a partner with other licensees; an employee of a licensee; or an independent contractor.

Allows an individual or a group of health care professionals to form a professional limited liability company or professional corporation to practice optometry as long as the health professionals, as a group, own at least a 51% majority of the company or corporation and the name, including a trade name, is registered with the Board of Optometry.

**SB 1079 – Chapter 77 – dental board; omnibus**

Amends the statutes that regulate the Arizona Board of Dentistry (Board) as follows:

- Requires licensees and certificate holders to provide the Board with written confirmation of a primary mailing address as well as the address for each place of practice. Within 10 days, requires written notice of any changes.
- Mandates the licensee or certificate holder allow authorized Board personnel access to the place of practice for inspection as part of an investigation. Defines *place of practice* and classifies failure to allow inspections as *unprofessional conduct*.
- Lists failure to comply with a Board subpoena in a timely manner as *unprofessional conduct* and allows the Board to assess a \$500 civil penalty.
- Allows the Board to adopt rules for license renewal fees for disabled or retired licensees.
- Requires a dentist who supervises a hygienist whose duties include using emerging scientific technology to be at least as trained in that technology as the hygienist.

**SB 1080 – Chapter 29 – board of psychologist examiners; omnibus**

Requires the Board of Psychologist Examiners (Board) to adopt by rule a code of ethics based on the American Psychological Association code of ethics.

- Requires the Board to apply the code to all enforcement policies, disciplinary evaluations and the development of licensing examinations. Violating an ethical standard adopted by the Board will be deemed an act of *unprofessional conduct*. Fraud, misrepresentation or deception to obtain a license or pass an examination will also be considered *unprofessional conduct*.
- Permits the Board to issue a license to an applicant who has committed an act or engaged in conduct that would constitute *unprofessional conduct* in Arizona or another jurisdiction, if the Board determines the applicant's conduct has been corrected, monitored or resolved. Further, requires the Board, before issuing a license if the applicant's conduct has not been resolved, to determine that mitigating circumstances exist that prevent resolution.
- Allows the Board to approve an applicant to take the national examination before the applicant meets the experience required for licensure and allows applicants for licensure who do not have the required internship experience to qualify for licensure by demonstrating 20 years of licensed or certified practice as a psychologist in the United States or Canada. Charter school psychologists are added to the list of school psychologists who are exempt from licensure.
- Removes the requirement that Board members who are faculty members at universities be from state universities, but requires them to be from universities with doctoral programs in psychology that meet the same criteria identified in statute for licensee doctoral programs.
- Eliminates the requirement that the publishing of the Board's directory of Board member and licensee information be on a biennial basis; requires the directory to be published on the Board's website. Restricts the information that may be contained on customized computer disks sold by the Board to information that is not required by law to remain confidential.

**SB 1081 – Chapter 150 – behavioral health; licensure; exemption**

Exempts a Christian Science practitioner from licensure as a behavioral health professional if the person is not providing psychotherapy, the activities performed are within the normal duties of a Christian Science practitioner and the person remains accountable to the Church of Christ, Scientist. Further, exempts a person who is not providing psychotherapy from licensure as a behavioral health professional.

**SB 1082 – Chapter 47 – AHCCCS; member's estate; notification requirements**

Requires that within three months of the member's death, an AHCCCS member's personal representative must notify the administration of the member's estate or property if the member was at least 55 years of age and AHCCCS has not already filed a claim in the estate proceedings.

**SB 1083 – Chapter 48 – AHCCCS; liens; notification requirements**

Requires an AHCCCS member or the member's legal representative, including Arizona Long Term Care System members, to provide written notice to the AHCCCS administration within 20 days of the commencement of a civil action or other proceedings in order to establish the liability of a third party or to collect payment from specified insurance coverage or any other source.

**SB 1084 – Chapter 78 – Arizona medical board; omnibus**

- Adds performing office-based surgery using any form of sedation in violation of the Arizona Medical Board's (AMB) rules to the definition of *unprofessional conduct*.

- Allows AMB to prescribe licensed doctors' continuing education requirements as a nondisciplinary tool. Requires doctors to pay all fees associated with medical competency examinations.
- Limits the actions of the executive director that may be appealed to the entire AMB to the review and dismissal of complaints, the referral of cases to a formal hearing or interview, the closing of certain resolved cases, the issuing of advisory letters, the act of entering into consent agreements and the granting of certain license related requests.

**SB1102 – Chapter 49 – Arizona medical board; pending complaints**

Prohibits the Arizona Medical Board from posting information about pending complaints against physicians on its website or in writing.

**SB 1104 – Chapter 40 – urgent care centers**

Excludes from the definition of a *freestanding Urgent Care Center*, a physician's office that offers extended hours or same day appointments to new and existing patients, unless the office is open 24 hours a day, gives the impression that it provides medical care for urgent, immediate or emergency conditions and routinely provides ongoing medical services to an individual patient for more than eight consecutive hours. Defines *physician* as a licensed allopathic or osteopathic physician.

**SB 1137 – Chapter 307 – \*AHCCCS; PACE program**

Requires the Arizona Health Care Cost Containment System (AHCCCS) to set up a Comprehensive Care for the Elderly Program (CCEP). Terminates the CCEP program on July 1, 2016.

- Defines a CCEP as a provider directed program of comprehensive care for the elderly that directly delivers comprehensive medical and social services to the eligible members.
- Adds to the Arizona Long Term Care System (ALTCS) definition of *eligible participant* by additionally requiring participants for PACE.
- Establishes CCEP to provide managed care benefits to the frail elderly. Stipulates that a CCEP organization provide a comprehensive medical and social delivery system using an interdisciplinary team approach in an adult day health center.
- In addition to meeting the eligibility requirements for ALTCS, the bill stipulates that in order to be eligible for CCEP a person must:
  - ⇒ Reside in a CCEP organization's service area.
  - ⇒ Agree to receive covered services through the CCEP organization.
  - ⇒ Be able at the time of enrollment to live in a community setting without jeopardizing the person's health or safety.
- Prohibits the CCEP from discriminating against potential participants based on health.
- Stipulates that a CCEP organization provide payment or reimbursement for services provided under referral from the interdisciplinary team that conducts case management unless it is an emergency service.
- Requires AHCCCS to make a prospective monthly payment to a CCEP organization of a capitation rate for each Medicaid participant.
- Requires AHCCCS to report on an annual basis its efforts to support the development and implementation of the CCEP.
- Stipulates copies of the report be submitted to the Governor and the Legislature.

**SB 1154 – Chapter 293 – \*chiropractic care; medical necessity review**

Allows health care insurers to use a licensed chiropractor to review any direct denial of prior authorization of a chiropractic service on the basis of medical necessity.

**SB 1193 – Chapter 360 – appropriation; trauma services**

Appropriates \$2,000,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund in FY 2006-07 to Department of Health Services, for distribution of the entire amount to the primary trauma center in southern Arizona.

**SB 1195 – Chapter 159 [E] – state hospital; capacity**

Makes permanent the conditions on capacities and admission to the Arizona State Hospital and the requirement that the Hospital collect census data for various treatment programs to establish the maximum capacity for each program.

- Requires the Deputy Director to request and consider the recommendations of representatives from the county board of supervisors, the prosecuting attorney's advisory council and the superior court when establishing the formula for forensic and civil bed allocations.
- Requires the Deputy Director to provide the funded capacity and allocation formula to the representatives from the county board of supervisors, the prosecuting attorneys' advisory council and the superior court 30 days before the notification of the formula for forensic and civil bed allocations.
- Requires the Deputy Director, the county board of supervisors, the superior court and the prosecuting attorneys' advisory council to develop a contingency plan for the placement of patients on wait lists or in other unforeseen circumstances.

**SB 1211 – Chapter 218 – \*project review; coordination; cooperation**

Allows agencies to cooperate in the review of project financing in the following manner:

- An agency may adopt in whole or in part substantially similar review work performed on project financing by another agency also charged with review of the project financing.
- One or more agencies may enter into an intergovernmental agreement for the purpose of consolidating all or part of their review activities of the project financing.
- Allows an agency to schedule its review of project financing in a manner that minimizes the overall review time of the project financing by all agencies and stipulates that an agency that adopts, in whole or in part, review work performed on the project financing by another agency is deemed for all purposes to have complied with its review responsibilities as if the review work had been performed by the agency itself.
- Defines *agency* to mean an industrial development authority established pursuant to this chapter, the Arizona Department of Housing and any other Arizona state agency charged with review of the project financing for a nonprofit nursing home, nonprofit rest home, nonprofit skilled nursing facility or nonprofit life care facility.
- Changes to session law under this bill are repealed as of December 31, 2009.

**SB 1299 – Chapter 365 – long-term care; county adjustments**

Modifies the Arizona Long Term Care System funding formula (ALTCS). The total amount received from all counties under the funding formula will be divided by the total state population. Each

county's contribution will then be capped at the average per capita amount multiplied by the county's total population. The shortfall will be made up by an appropriation from the General Fund. FY 2006-07 appropriation is \$9,253,800.

**SB 1335 – Chapter 366 [E] – kidney programs; appropriations**

Appropriates \$50,000 to Department of Health Services (DHS) in FY 2005-06 for the Nonrenal Disease Management Program, \$100,000 to DHS in FY 2006-07 for the Nonrenal Disease Management Program and \$200,000 to DHS in FY 2006-07 for the Renal Disease Management Program. Exempts the funds from lapsing through June 30, 2008. Contains an emergency clause.

**SB 1354 – Chapter 166 – emergency medical services; investigations**

Designates information, documents and records relevant to an investigation of an Emergency Medical Technician (EMT) as confidential and not subject to public inspection or civil discovery while allowing the results of the investigation and the decision of Department of Health Services (DHS) to be available to the public after the investigation is completed. Allows the Director of Emergency Medical Services to extend the expiration date of an EMT's certificate for 30 days and allows DHS to establish a fee for this extension.

**SB 1355 – Chapter 367 – appropriation; autism research**

Appropriates \$7.1 million, exempt from lapsing through June 30, 2008, from the General Fund to DHS for distribution to an Arizona nonprofit medical research foundation that specializes in biotechnology and collaborates with universities, hospitals, research centers and other biotechnology businesses in the state. Mandates that the funds be spent only for autism research.

**SB 1379 – Chapter 390 – speech-language pathologists; assistants; licensing**

Restricts the type of board issued certificate required for licensure of speech-language pathologists (SLP) to a standard certificate and prohibits a person from practicing as a speech-language assistant without an active license in good standing.

- Requires the director to waive licensure requirements until September 1, 2007, for any SLP assistant who meets certain criteria.
- Establishes the following requirements for licensure as an SLP assistant:
  - ⇒ Payment of a nonrefundable application fee.
  - ⇒ Written evidence of completion of an approved training program from a nationally or regionally accredited college or university consisting of 60 credit hours of specified education and coursework and a minimum of 100 hours of clinical interaction.
- Lists the tasks that an assistant SLP may perform under the supervision of an SLP, the tasks an assistant SLP is prohibited from performing and the requirements an SLP must meet before being qualified to supervise an assistant.
- Requires all services performed by an SLP assistant to be done under the direction and supervision of a licensed and qualified SLP.

**SB 1442 – Chapter 373 – AHCCCS; temporary medical coverage program**

Appropriates \$6.5 million in FY 2006-07 to AHCCCS to create a program to insure any uninsured person who is an Arizona resident and United States citizen, who submits an application, has been eligible for AHCCCS or ALTCS services and enrolled in AHCCCS at any time within 24 months before applying for the Program, is receiving federal disability insurance benefit payments, is ineligible for Medicare and who is not receiving Healthcare Group services.

- Allows the AHCCCS administration director to adopt rules to implement the Program and to prescribe the application process, actuarially sound capitation rates and premium collection.
- Prohibits premiums from exceeding the capitation rate paid to Program contractors for the enrollee and requires the premiums to be tiered, based on gross household income at specified intervals of the federal poverty guidelines.
- Requires plans to provide the same medically necessary services provided to AHCCCS enrollees, unless otherwise required by the AHCCCS Administration.
- Mandates that a member of the Program must notify the AHCCCS administration if the member becomes eligible for Medicare, thus ineligible for the Program.
- If the director determines available monies are insufficient to fund the Program, allows the director to stop processing applications until funding is sufficient.
- Sunsets the Program on July 1, 2016.

# COMMITTEE ON HUMAN SERVICES

***Representative J. Peter Hershberger, Chairman***  
***Representative Cheryl Chase, Vice-Chairman***  
***Courtney Riddle, Legislative Research Analyst***  
***Dan Brown, Assistant Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause

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**HB 2048 – Chapter 203 – CPS; semiannual reports; child deaths**

Expands on the information required to be included in the Child Welfare semi-annual report.

**HB 2094 – Chapter 204 – \*hearing; private service provider; dependency**

Allows a court to order an agency or private service provider to appear at a hearing to discuss the provision of services for a parent or child who is entitled to such services. Stipulates that the court may only order services to be provided for a parent or child if the agency or private service provider determines they are eligible to receive behavioral health services with Title XIX or XXI of the Social Security Act funds.

**HB 2125 – Chapter 9 – foster care review board; continuation**

Continues the Foster Care Review Board until July 1, 2016.

**HB 2287 – Chapter 133 – DES; information technology personnel; fingerprints**

Requires applicants for and existing employees in information technology positions in the Department of Economic Security to obtain a Fingerprint Clearance Card.

**HB 2292 – Chapter 180 – child support; court orders**

Makes changes in statutes relating to court orders regarding child support obligations and arrearages including the following.

- Codifies that an annual rate of 10 percent interest accrues to child support arrearages.
- Prohibits the court from reducing any sum owed to the state in a Title IV-D case, unless the state was represented at the hearing, had notice of the hearing, or provided written approval.
- States that any written agreement for credit against support arrearages that is not by order of the court shall require an affidavit of direct payment signed by both the person making the payment and the person receiving it.

**HB 2319 – Chapter 330 – department of economic security; continuation**

Continues the Department of Economic Security until July 1, 2008. Requires the Office of the Auditor General (OAG) to orally report to the House of Representative Committee on Human Services and the Senate Committee on Family Services regarding the Department's progress in implementing the recommendations of the OAG's sunset review reports.

**HB 2342 – Chapter 110 – child support; self-employed parent**

Requires the court to determine which party is responsible, and to what extent, for the costs associated with hiring a federally authorized tax practitioner in child support cases where a self-employed parent is ordered to have financial records reviewed.

**HB 2554 – Chapter 337 [E] – substance abuse treatment; appropriations**

Creates the Addiction Reduction and Recovery Fund (ARRF). Appropriates a total of \$8 million to the ARRF as well as to other entities for increased drug enforcement efforts, treatment, and prevention services, specifically targeted at stemming the growth of methamphetamine abuse.

- Requires the Director of the Department of Health Services (DHS) to spend ARRF monies through Regional Behavioral Health Authorities for rural detoxification programs and substance abuse and addiction prevention programs, including for methamphetamine addiction.
- Appropriates \$2.5 million from the State General Fund (GF) in FY 2006-07 to the ARRF.

- Appropriates \$3 million from the GF in FY 2006-07 to the Arizona Criminal Justice Commission for increased methamphetamine interdiction, treatment, and education programs.
- Appropriates \$2 million from the GF in FY 2006-07 to the Department of Economic Security for substance abuse treatment services through the Arizona Families F.I.R.S.T. program.
- Appropriates \$500,000 from the GF in FY 2006-07 to the DHS for comprehensive methamphetamine prevention services provided by community based organizations to children throughout Arizona.
- Repeals the ARRF on June 30, 2008.

**HB 2558 – Chapter 211 – adult protective services; investigations; hearings**

Establishes a process to allow persons accused of abuse, neglect, or exploitation of vulnerable adults to appeal the actions of the Department of Economic Security (DES).

- Requires DES, after completing its investigation, to notify persons alleged to have abused, neglected, or exploited a vulnerable adult that DES intends to substantiate the allegation, and that the accused has a right to receive a copy of the report of the allegation, as well as the right to a hearing before information is entered in the Adult Protective Services Registry.
- Indicates that if DES finds by a preponderance of the evidence that the accused person committed no offense, DES shall specify that in the report, notify the accused person, and not hold a hearing.
- Stipulates that if a hearing is requested, the Office of Administrative Hearings shall conduct the hearing according to the Uniform Administrative Hearing Procedures specified in statute with certain exceptions.
- Indicates that the administrative law judge shall determine if a preponderance of evidence exists to sustain DES's findings that the accused is guilty, and if a preponderance of evidence is not found, the administrative law judge must order DES to specify that in the report.

**HB 2743 – Chapter 197 – developmental disabilities; cognitive disability**

Removes the duplicative definition of *guardianship services* from ARS §36-551 and changes the term *mental retardation* to *cognitive disability* in the definitions sections of ARS §§36-551 and 36-581.

**HB 2810 – Chapter 214 – utility assistance fund; administration**

Changes the financial eligibility requirements for all clients of the Utility Assistance Fund, providing assistance to households with incomes at or below 150 percent of the Federal Poverty Level. Increases the amount a qualified individual may receive annually from the fund from \$900 to \$2000.

**SB 1087 – Chapter 246 – spousal maintenance; tax refund; setoff**

Authorizes the clerk of the court to obtain spousal maintenance payments by intercepting a taxpayer's state income tax refund.

**SB 1119 – Chapter 247 – parental rights; termination; grandparents; custody**

Requires the entities involved in the potential termination of parental rights to consider a grandparent or another member of the child's family as the first person with whom to place a child if that child is removed from the parents' custody.

**SB 1267 – Chapter 364 [E] – integrated family court; pilot programs**

Requires the Supreme Court to implement a two-year Integrated Family Court Pilot Program in a county with a population of fewer than 500,000 persons, and appropriates \$850,000 from the general fund to fund the pilot program. Continues the Domestic Relations Committee through 2010.

**SB 1328 – Chapter 165 – youthful sex offenders; study committee**

Establishes a Joint Legislative Committee on Youthful Sex Offenders, designating its membership and duties.

**SB 1415 – Chapter 58 – adoption; termination of parental rights**

Eliminates a potential father's right to receive notification and give consent to adoption or termination of parental rights, if he fails to file a paternity action within 30 days after notification of potential paternity.

**SB 1427 – Chapter 252 – newborn safe havens; volunteers**

Allows volunteers at a private welfare agency, adoption agency or church to accept newborn infants as a safe haven provider. Also, stipulates that the possession of equipment or chemicals, or both, for the purpose of manufacturing a dangerous drug be included as a violation of endangerment or abuse towards a child or vulnerable adult.

**SB 1506 – Chapter 225 – \*donated food; tax exemption**

Exempts prepared food that is donated by a restaurant to a qualified nonprofit organization that regularly serves free meals to the needy from the transaction privilege and use taxes.



# COMMITTEE ON JUDICIARY

***Representative Eddie Farnsworth, Chairman***  
***Representative David Burnell Smith, Vice-Chairman***  
*(January 9, 2006 – January 27, 2006)*  
***Representative Nancy Barto, Vice-Chairman***  
*(February 6, 2006 – Present)*  
***Katy Proctor, Legislative Research Analyst***  
***Ralene Whitmer, Assistant Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
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**HB 2013 – Chapter 116 – voter registration rolls; juror qualifications**

Allows a juror to be placed on the inactive voter list if the juror's mail is undeliverable.

**HB 2074 – Chapter 121 – concealed weapons; training requirement; renewal**

Eliminates the refresher firearms training requirement for the renewal of a permit to carry a concealed weapon (CCW) and broadens laws relating to recognition of a CCW permits from other states.

- Protects CCW records on applicants, permit holders or instructors from public availability.
- Removes the statute allowing the Department of Public Safety (DPS) to enter into reciprocal agreements with states that have concealed weapons laws substantially similar to Arizona.
- Allows DPS to enter into a written agreement for mutual permits or license recognition with states that require it.

**HB 2076 – Chapter 313 – weapons; misconduct; storage; map pocket**

Expands the list of places a weapon may be stored in a vehicle without a permit to carry a concealed weapon and requires an operator of a public event to have a secure and temporary place to store weapons which are in custody at the event.

- Creates a new section requiring temporary and secure storage of a weapon that an operator of a public event/establishment has in custody. The storage must be readily accessible upon entrance and exit of the event/establishment.
- Allows a person to carry a weapon in a vehicle concealed without a CCW if the weapon is stored in a map pocket.
- Exempts public establishments or public events with a liquor license from being required to have a storage place for weapons.
- States that an operator of an establishment or the sponsor of the event is not liable for acts or omissions unless the person intended to cause injury or was grossly negligent.

**HB 2133 – Chapter 179 – lengthy trial fund; juror compensation**

Allows jurors to be eligible for earnings replacement monies from the Lengthy Trial Fund (Fund) after serving on a jury for more than five days. A juror would be able to collect replacement or supplemental earnings from the Fund beginning on the fourth day of jury service.

**HB 2221 – Chapter 285 – \*residential rental property inspections**

Authorizes municipalities to adopt an ordinance to establish residential rental inspection programs for the purpose of inspecting residential rental dwelling units to determine compliance with building codes.

**HB 2440 – Chapter 234 [E] – \*lawsuits; public participation in government**

Allows the defending party in any legal action involving a party's exercise of the right to petition to file a motion to dismiss within 90 days of service of the complaint and requires the court to award costs and reasonable attorney fees if the motion to dismiss is granted.

**HB 2441 – Chapter 138 – \*election officer certification committee; continuation**

Continues the Election Officer Education, Training and Certification Advisory Committee (Committee) for ten years and moves the Committee statutes into a new section.

**HB 2490 – Chapter 227 [E] – \*sexually oriented business; location; penalty**

Prohibits an adult oriented business from being located within ¼ mile of specific places and makes a violation a Class 1 misdemeanor.

- Prohibits an *adult oriented business* from being located within ¼ mile of a:
  - ⇒ Child care facility
  - ⇒ Private, public or charter school
  - ⇒ Public playground
  - ⇒ Public recreational facility
  - ⇒ Residence
  - ⇒ Place of worship.
- Measures the distance in a straight line in all directions, without regard to structures or objects, to the nearest point on the property line.
- Allows counties or municipalities to enact/enforce ordinances that regulate the location of *adult oriented businesses*.
- Makes a violation a Class 1 misdemeanor. Each day of violation of either the ¼ mile location restriction or the operating hours requirements contained in the same section is considered a separate offense.
- States that if there is reason to believe a violation is taking place, the county attorney shall or a private citizen may, maintain an action to abate and prevent the violation.
- Exempts existing *adult oriented businesses* that are established and operating in compliance with all state laws and local ordinances from the new ¼ mile location restriction.
- Specifies that an *adult oriented business* that is lawfully located and operating does not violate the location restrictions if a child care facility, school, playground, recreational facility, residence or place of worship locates within ¼ mile of the adult oriented business.

**HB 2491 – Chapter 192 – statewide voter database; access**

Allows recognized political parties to obtain precinct lists from the Secretary of State (SOS) if they are unable to obtain them from the county recorder.

- Requires copies of precinct lists to include voting history for all elections in the prior four years.
- Changes the date when the county recorder is required to deliver precinct lists to the county chairman and state chairman. The county recorder is required to follow the schedule given for counting registered voters in even and odd years not including the primary and general election registration counts.
- Adds June 1 to the even numbered year schedule for the counting of registered voters.
- States that beginning January 1, 2008 parties must follow the outlined procedure in statute to acquire precinct lists and information during the time periods that the county recorder is required to deliver precinct lists and that the county recorder must respond to the request.
- Provides that a recognized political party can request precinct lists and information as provided by statute from the SOS if the county recorder fails or refuses to provide the requested materials after the time given to the county recorders to deliver precinct lists to county and state chairmen.

- Specifies that the SOS will only provide precinct lists and information for recognized political parties if the county recorder has failed or refused to do so within the time required.
- Allows the SOS to charge the county recorder a fee for each name or record produced.

**HB 2580 – Chapter 380 – illegal aliens; serious felonies; bail**

Provides additional circumstances under which a person may be excluded from bail and requires law enforcement agencies to determine a person's country of citizenship once the person has been brought to the agency for incarceration. Once citizenship is determined, HB 2580 requires the agency to notify the person's country of citizenship of the person's detention if the person is not a United States citizen. The bill also makes it a Class 2 felony if a person smuggles a human being under the age of 18 who is not accompanied by a family member over the age of 18. States that A.R.S. Title 13, Chapter 10 (Preparatory Offenses) does not apply to a violation of smuggling a person under the age of 18 without a family member present.

**HB 2581 – Chapter 195 – class 6 felonies; reclassification**

Reclassifies several felonies.

***Class 1 Misdemeanors***

- Makes the following offenses Class 1 misdemeanors:
  - ⇒ Assault by a vicious animal that the person knows has a propensity to attack, cause injury or endanger without provocation.
  - ⇒ Theft of property or services valued at less than \$1,000
  - ⇒ Shoplifting property valued at less than \$1,000.
  - ⇒ Unlawful failure to return rented or leased property.
  - ⇒ Usury, by knowingly engaging in or directly/indirectly providing financing loans at a higher rate of interest than authorized by law.
  - ⇒ Making any statement that a person believes to be false to a public servant in connection with an application for any benefit, privilege or license.
  - ⇒ Sending, delivering or furnishing/conspiring to furnish a false or forged message by telegraph or telephone.
  - ⇒ Engaging for a fee, property, salary or reward in the business of accepting, recording or registering any bet or wager.
  - ⇒ Abandoning a spouse.
  - ⇒ Failure/refusal to provide a spouse with necessary food, clothing, shelter or medical attendance.

***Class 6 Felonies***

- Makes the following offenses Class 6 felonies:
  - ⇒ Theft of property or services valued at \$1,000 or more but less than \$2,000.
  - ⇒ Shoplifting property valued at \$1,000 or more but less than \$2,000.

***Class 5 Felonies***

- Makes the following offense a Class 5 felony:
  - ⇒ Theft of property or services with a value of \$2,000 or more but less than \$3,000.

***Class 4 Felonies***

- Makes the following offense a Class 4 felony:
  - ⇒ Theft of property and services valued at \$3,000 or more but less than \$4,000.

***Class 3 Felonies***

- Makes the following offense a Class 3 felony:
  - ⇒ Theft of property and services valued at \$4,000 or more but less than \$25,000.

**HB 2584 – Chapter 70 – concealed weapons; firearms safety training**

Allows a person who receives a certificate of firearms proficiency from DPS to obtain a concealed weapons permit without having to complete a firearms safety training program.

**HB 2649 – Chapter 288 – firearms; possession; storage**

Restricts new laws, rules or ordinances from being passed by any agency or any political subdivision of the State relating to firearm possession and storage and provides specific exemptions.

**HB 2819 – Chapter 261 – adult probation; county responsibility**

Directs the Administrative Office of the Courts (AOC) to not disperse direct state aid for probation services monies (Monies), including motor pool costs, to any county with a population of 2 million or more persons (County) for:

- ⇒ Juvenile Intensive Probation Services
  - ⇒ State Aid for Probation Services
  - ⇒ Adult Intensive probation
  - ⇒ Community Punishment Programs
- If a County does not receive Monies, the following applies:
    - ⇒ The County's contribution to the hospitalization and medical care of the indigent sick, to the nonfederal portion of providing long-term care and for the administrative costs of implementing portions of Arizona Health Care Cost Containment System (AHCCCS) are reduced.
    - ⇒ The Economic Estimates Commission must increase the County's base expenditure limit.
  - Directs a County to maintain probation standards, and exempts the County from probation ratios as prescribed by law.
  - Increases the probation surcharge from \$5 to \$10.
  - Allows a County to set the amount of the probation surcharge collected in the County.

**HB 2824 – Chapter 324 – homeowners' associations; condominiums; hearings**

Allows certain types of disputes between a property owner and a homeowner association to be submitted to the Department of Building and Fire Safety for a hearing through the Office of Administrative Hearings.

**HB 2829 – Chapter 144 – precinct registers; voter registration count**

Requires the county recorder to provide information about early ballots to the county and state chairmen and allows the chairmen to request voter registration information for a municipal election from the county recorder in specific circumstances.

**SB 1020 – Chapter 26 – informal probate; value of property**

Makes the real property value for small estate affidavits \$75,000.

**SB 1027 – Chapter 73 – chop shops; vehicle theft**

Makes theft of any vehicle engine or transmission, regardless of worth, a Class 4 felony. Makes it a crime to knowingly buy, sell, transfer or possess a motor vehicle part knowing that the VIN (which was placed on the motor vehicle part by the manufacturer) has been removed a Class 4 felony.

### **SB 1037 – Chapter 145 – elections; canvass deadline**

Makes numerous changes to election statutes.

- Extends the election canvass deadline for most elections.
- Allows the board of supervisors to appoint a person who is not eligible to vote as a clerk of election to an election board if the following conditions are met:
  - ⇒ The person is a minor and will be at least 16 years old at the time of the election.
  - ⇒ The person is a citizen of the United States.
  - ⇒ The person is supervised by an adult who has been trained as an elections officer.
  - ⇒ The person has received training provided by the officer in charge of elections.
  - ⇒ The parent or guardian has provided written permission.
- Provides that a school district or charter school is not required to reduce its average daily membership or average daily attendance for any pupil who is absent as a result of service on an election board.
- Stipulates that a school district or charter school must not count an absence resulting from a pupil's service on an election board against any mandatory attendance requirements for the pupil.

### **SB 1038 – Chapter 28 – Arizona criminal justice commission; duties**

Expands the Arizona Criminal Justice Commission's ability to accept and expend grant monies.

### **SB 1039 – Chapter 146 – voyeurism; surreptitious viewing**

Establishes the crime of voyeurism and modifies the definition and penalties for surreptitious viewing.

#### ***Voyeurism***

- Makes it a Class 5 felony for a person to knowingly invade the privacy of another person without that person's knowledge for the purpose of sexual stimulation.
- Prohibits a person from disclosing, displaying, distributing or publishing a photograph, videotape, film or digital recording without the consent or knowledge of the person depicted, if the media was obtained as a result of voyeurism. A violation of this provision is a Class 5 felony, unless the person depicted is recognizable, in which case the violation is a Class 4 felony.
- Specifies that a person's privacy has been invaded if the following apply:
  - ⇒ The person has a reasonable expectation that the person will not be photographed, videotaped, filmed, digitally recorded or otherwise viewed or recorded.
  - ⇒ The person is photographed, videotaped, filmed, digitally recorded or otherwise viewed, with or without a device, while:
    - The person is in a state of undress or partial dress.
    - The person is engaged in sexual intercourse or sexual contact.
    - The person is urinating or defecating.
    - In a manner that directly or indirectly captures or allows the viewing of the person's genitalia, buttock or female breast, whether clothed or unclothed, that is not otherwise visible to the public.

Specifies that these provisions do not apply to the following:

- ⇒ Photographing, videotaping, filming or digitally recording for security purposes where notice of the use of such media is clearly posted where the person has a reasonable expectation of privacy.
- ⇒ Photographing, videotaping, filming or digitally recording by correctional officials for security reasons or in connection with the investigation of alleged misconduct of persons on the premises of a jail or prison.
- ⇒ Photographing, videotaping, filming or digitally recording by law enforcement officers pursuant to an investigation which is otherwise lawful.
- ⇒ The use of a child monitoring device.

#### ***Surreptitious Viewing***

- Prescribes that it is unlawful for any person to knowingly photograph, videotape, film, digitally record or otherwise view, with or without a device, another person without that person's consent under either of the following circumstances:
  - ⇒ In a restroom, bathroom, locker room, bedroom, or other location where the person has a reasonable expectation of privacy, and the person is urinating, defecating, dressing, undressing, nude or involved in sexual intercourse or sexual contact.
  - ⇒ In a manner that directly or indirectly captures or allows the viewing of the person's genitalia, buttock or female breast, whether clothed or unclothed, that is not otherwise visible to the public.
- Expands statute to add that it is unlawful to disclose, display, distribute or publish a photograph, videotape, film or digital recording made while surreptitiously viewing without the knowledge of the person depicted.
- Specifies that if a person surreptitiously views or disseminates media resulting from surreptitious viewing, but the act does not involve the use of a device, the act is a Class 6 felony. Subsequent violations are Class 5 felonies.
- Requires posting of a notice in the location that the person reasonably expects privacy if the person is going to be photographed, videotaped, filmed or digitally recorded for security purposes.
- Makes it Class 4 felony if a person disseminates media resulting from surreptitious viewing where the person depicted is recognizable.

#### **SB 1041 – Chapter 44 [E] – election law revisions**

Provides emergency procedures for ballots to be moved from a polling place. Makes changes to when, who receives, and what is contained in mailings of informational pamphlets or notices for various elections. Specifies conduct that is not allowed within the 75-foot limit of a polling place.

- Specifies that regular elections that are only for candidates in a city or town with a population of 175,000 or more persons, not including recall elections and special elections to fill vacancies in those cities or towns, be held on:
  - ⇒ The 8<sup>th</sup> Tuesday before the 1<sup>st</sup> Tuesday after the 1<sup>st</sup> Monday in November.
  - ⇒ The 1<sup>st</sup> Tuesday after the 1<sup>st</sup> Monday in November.
- Stipulates that for any city or town, including a charter city, that holds its regularly scheduled candidate elections in November of even-numbered years, the term of office for a member of the city council or for the office of mayor begins on or after the second Tuesday in January in the year following the election.

**SB 1047 – Chapter 74 – courts; personnel and volunteers; fingerprinting**

Provides for the courts to require fingerprint cards from volunteers and contract workers in the judicial department and applicants to practice law.

**SB 1048 – Chapter 147 – serious drug offenses; definition.**

Modifies the definition of *serious drug offense* to include the attempt or conspiracy to commit a violation of various drug offenses.

**SB 1050 – Chapter 148 – prior convictions and admissions; sentencing.**

Requires the court, instead of the trier of fact, to determine the aggravating circumstance of whether a person has been previously convicted of a felony.

**SB 1051 – Chapter 46 – victims' rights; cleanup**

Repeals duplicate statutes relating to victims' rights.

**SB 1052 – Chapter 149 – victim compensation and assistance fund**

Allows a person who suffered personal injury or death from helping a public safety officer prevent a crime may qualify for victim compensation.

**SB 1092 – Chapter 30 – juvenile corrections; medical services**

Makes a conforming change related to health care reimbursement rates for juveniles committed to the Arizona Department of Juvenile Corrections.

**SB 1093 – Chapter 79 – blank subpoenas; victims; notice**

Restricts the use of blank subpoenas.

- Specifies that blank subpoenas cannot be used to procure discovery in a criminal case including accessing the records of a victim.
- Stipulates that disassociated and recovered memories would only be subject to subpoena if the state wants to introduce evidence for those memories, the information is not privileged and the court approves the subpoena after a hearing.
- Provides that the victim be notified and has the right to be heard in any proceeding where the information from a victim's record from a third party has been obtained by a subpoena.

**SB 1116 – Chapter 153 – competency; sealed reports; exceptions**

Expands access to sealed competency reports.

- Allows the court to order sealed juvenile and adult competency reports be opened by:
  - ⇒ The court, juvenile, or prosecutor for further competency or sanity evaluations.
  - ⇒ The probation department for assessment and supervision/monitoring of the juvenile/adult.
  - ⇒ A mental health treatment provider who assesses or treats the juvenile/adult.
- Allows the court to grant access to sealed juvenile competency reports by the Department of Juvenile Corrections.

**SB 1118 – Chapter 154 – clean elections; verification; reporting slips**

Requires county recorders to report verified totals of qualifying contribution reporting slips to the SOS daily, and allows county recorders to stop reporting once a sufficient number of slips have been submitted.

**SB 1125 – Chapter 101 – DPS; criminal justice information**

Adds log searches to the definition of criminal justice information and specifies that certain information/records be submitted to DPS rather than a department within the DPS.

**SB 1126 – Chapter 50 – victim's right to refuse interview**

Allows a parent or legal guardian to exercise rights on behalf of their child.

- Changes the definition of *victim* in the juvenile and criminal victim rights statutes to exclude a person from being considered a victim if the person is in custody for an offense or is the accused.

**SB 1128 – Chapter 80 – juvenile competency**

Changes the definition of *incompetent* in the juvenile competency statutes to specify that age alone does not make a person incompetent.

**SB 1139 – Chapter 155 – DPS; officer organizations**

Allows DPS to recognize an employee organization by a majority vote in an election where the majority of eligible employees vote.

**SB 1145 – Chapter 199 [E] – self-defense; home protection**

Creates a new justification for the use of physical and deadly physical force, and requires the state to prove beyond a reasonable doubt that a defendant did not act with justification if the defendant presents evidence of self-defense.

- Justifies a person in using both physical and deadly physical force against another if the person reasonably believes himself or another to be in imminent peril of death or serious physical injury and:
  - ⇒ The person that force is being used against was in the process of unlawfully or forcefully entering a residential structure or occupied vehicle or was attempting to remove another person against the person's will from the residential structure or occupied vehicle.
- Applies the presumptions contained in the bill to the following self-defense statutes:
  - ⇒ A.R.S. § 13-404 Justification; self-defense
  - ⇒ A.R.S. § 13-405 Justification; use of deadly physical force
  - ⇒ A.R.S. § 13-406 Justification; defense of a third party
  - ⇒ A.R.S. § 13-407 Justification; use of physical force in defense of premises
  - ⇒ A.R.S. § 13-408 Justification; use of physical force in defense of property
  - ⇒ A.R.S. § 13-418 Justification; use of force in defense of residential structure or occupied vehicles
- Presumes that a person is acting reasonably if the person is acting against another who unlawfully or forcefully entered the person's residential structure or occupied vehicle.
- States that this presumption does not apply if:
  - ⇒ The person force was used against:
    - Had the right to be in/was the lawful resident of the residential structure or vehicle.
    - Was the parent/grandparent/legal guardian of a child being removed from the residential structure or occupied vehicle.
    - Is a law enforcement officer entering/attempting to enter a residential structure or occupied vehicle.
  - ⇒ The person using physical or deadly physical force is engaged in unlawful activity.

- States that a person has no duty to retreat before threatening/using physical or deadly physical force.
- States that justification defenses are not affirmative defenses.
- Requires the state to prove beyond a reasonable doubt that the defendant did not act with justification under the self-defense statutes if the defendant presents evidence of justification.
- States that the court shall award reasonable costs in the defense of any civil action based on conduct justified by this section if the defendant prevails in the civil action.
- Clarifies within the existing use of force in crime prevention statute (A.R.S. § 13-411) that the statute is not limited to the use of force in a person's home, residence, place of business, land the person owns or leases, conveyance of any kind or any other place in this state where a person has a right to be.
- Defines *vehicle* as a conveyance of any kind, whether or not motorized, that is designed to transport persons or property.

**SB 1147 – Chapter 248 – telephone usage; interference during emergencies**

Prohibits someone from preventing or interfering with the use of a telephone by another person during an emergency situation.

- Specifies that it is a Class 2 misdemeanor for a person to intentionally interfere with the use of a telephone in an emergency situation.
- Defines *emergency situation* as a situation where both apply:
  - ⇒ Human health, life, or safety is in jeopardy and the prompt summoning of aid is essential.
  - ⇒ There is reason to believe that a domestic violence offense is being, has been, or is about to be committed.
- States that a person is not required to allow another person to enter their home for the purpose of using a telephone in an emergency situation.

**SB 1165 – Chapter 83 – law enforcement merit system; fees**

Allows attorney fees incurred on the behalf of the law enforcement officer to be awarded if an officer wins an appeal of a suspension, demotion, or dismissal.

**SB 1176 – Chapter 85 – victims' rights; failure to comply**

Allows a victim to request a reexamination of a proceeding if the victim's rights were denied.

**SB 1225 – Chapter 249 – public records; declaratory action**

Allows the court to award legal costs to the person requesting records if they have substantially prevailed in court.

**SB 1227 – Chapter 51 [E] – interstate compact; adult offender supervision**

Raises the maximum assessment for the Interstate Commission for Adult Offender Supervision from \$25,000 to \$25,500.

**SB 1229 – Chapter 184 – sex offender registration; homeless offenders.**

Directs sex offenders who do not have an address or permanent place of residence to register as a transient every 90 days.

**SB 1230 – Chapter 160 – sex offender; address verification**

Requires the Motor Vehicle Department (MVD) to provide daily updates to the DPS and makes changes to sex offender registration.

- Requires a person who is registering as a sex offender to sign or affix an electronic fingerprint to a statement required by DPS.
- Mandates that when a person from another jurisdiction is registering as a sex offender in Arizona, the sheriff must obtain a sample of blood or other bodily substances for DNA testing. The sheriff must transmit the sample to DPS.
- Increases the classification for a registered sex offender who fails to update the offender's address and picture each year with MVD from a Class 1 misdemeanor to a Class 6 felony.

**SB 1260 – Chapter 162 – prostitution; house abatement**

Allows a city attorney to maintain an action of abatement against a building/place where a nuisance occurs.

**SB 1301 – Chapter 201 – community notification; warrants**

Allows law enforcement to issue warrants before distributing notification fliers if a sex offender fails to register.

**SB 1303 – Chapter 164 – change of name; application; venue**

Modifies the application requirements for a legal change of name.

**SB 1305 – Chapter 55 – capital defendants; mental evaluations**

Permits the defendant to object to an initial intelligence prescreening evaluation in a criminal case where the state seeks the death penalty.

**SB 1339 – Chapter 221 – firearms; possession; persons adjudicated delinquent**

Permits the court to prohibit a juvenile from possessing a firearm if the delinquent act committed would be classified as a misdemeanor for an adult and the juvenile is in the jurisdiction of the Department of Juvenile Corrections or the Juvenile Court.

**SB 1374 – Chapter 275 – \*purchaser dwelling actions; notice**

Specifies what reasonable detail consists of when a written notice is given to the seller by the purchaser before filing a dwelling action.

**SB 1396 – Chapter 202 – juvenile corrections; work restitution**

Authorizes the court to deposit monies collected for the maintenance of youth committed to the Department of Juvenile Corrections (DJC) into the DJC Restitution Fund (Fund).

- Compels the parent or guardian of a youth committed to the DJC to pay a fee of not less than \$50 to the DJC for the supervision of the youth.  
⇒ The fee is deposited into the Fund.

**SB 1444 – Chapter 177 – \*sentencing; third felony offenses**

Requires life imprisonment for a person convicted of a violent or aggravated felony if the person has two previous convictions of violent or aggravated felonies.

***Findings and Declarations***

- Provides that it is a fundamental purpose of criminal law to identify and remove persons whose conduct threatens public safety from society.

### ***Life Sentence***

- Sentences a person to life if the person has been convicted of:
  - ⇒ Committing or attempting or conspiring to commit any *violent or aggravated felony* if the person has previously been convicted (on separate occasions) of two or more *violent or aggravated felonies*.
- Prohibits the person from being eligible for suspension of sentence, probation, pardon or release on any basis. Allows the person to be eligible for commutation after serving at least 35 years.
- Provides that for the purposes of this section, the prior convictions must:
  - ⇒ Have been entered within 15 years of the conviction for the third offense, excluding time spent in custody, on probation or as an absconder, and
  - ⇒ The sentence for the 1<sup>st</sup> *violent or aggravated felony* conviction must have been imposed before the conduct occurred that gave rise to the 2<sup>nd</sup> conviction and the sentence for the 2<sup>nd</sup> *violent or aggravated felony* conviction must have been imposed before the conduct occurred that gave rise to the 3<sup>rd</sup> conviction.
- Applies Title 13, Chapter 3 (parties to offenses; accountability) to all offenses under the new section.
- Considers an offense committed in another jurisdiction an offense committed in Arizona if:
  - ⇒ Had the offense been committed in Arizona, it would be a violation or attempted violation of any offenses listed in the new section, and
  - ⇒ The offense has the same elements of an offense listed in the new section.
- Defines *violent or aggravated felony* as any of the following offenses:
  - ⇒ First degree murder (A.R.S. § 13-1105)
  - ⇒ Second degree murder (A.R.S. § 13-1104)
  - ⇒ Aggravated assault resulting in serious physical injury or involving the discharge, use or threatening exhibition of a deadly weapon/dangerous instrument (A.R.S. § 13-1204)
  - ⇒ Dangerous or deadly assault by a prisoner (A.R.S. § 13-1206)
  - ⇒ Committing an assault with intent to incite to riot or participate in riot (A.R.S. § 13-1207)
  - ⇒ Drive by shooting (A.R.S. § 13-1209)
  - ⇒ Knowingly discharging a firearm at a residential structure if it is occupied (A.R.S. § 13-1211)
  - ⇒ Kidnapping (A.R.S. 13-1304)
  - ⇒ Sexual conduct with a minor that is a Class 2 felony (victim under 15 years of age) (A.R.S. § 13-1405)
  - ⇒ Sexual assault (A.R.S. § 13-1406)
  - ⇒ Molestation of a child (A.R.S. § 13-1410)
  - ⇒ Continuous sexual abuse of a child (A.R.S. § 13-1417)
  - ⇒ Violent sexual assault (A.R.S. § 13-1423)
  - ⇒ First degree burglary committed in a residential structure if occupied (A.R.S. § 13-1508)
  - ⇒ Arson of an occupied structure (A.R.S. § 13-1704)
  - ⇒ Arson of an occupied prison or jail facility (A.R.S. § 13-1705)
  - ⇒ Armed robbery (A.R.S. § 13-1904)
  - ⇒ Participating in or assisting a criminal syndicate or leading or participating in a criminal street gang (A.R.S. § 13-2308)
  - ⇒ Terrorism (A.R.S. § 13-2308.01)
  - ⇒ Taking a child for the purpose of prostitution (A.R.S. § 13-3206)
  - ⇒ Child prostitution (A.R.S. § 13-3212)
  - ⇒ Commercial sexual exploitation of a minor (A.R.S. § 13-3552)
  - ⇒ Sexual exploitation of a minor (A.R.S. § 13-3553)
  - ⇒ Unlawful introduction of disease or parasite (A.R.S. § 13-2912)

**SB 1471 – Chapter 186 – sex offender treatment; privileged communications**

Allows for statements made by a sex offender during treatment that relate to a new sexual offense to be admissible in any criminal or juvenile delinquency proceeding.

**SB 1557 – Chapter 394 [E] – election reform; manual count**

Makes changes to election laws relating to polling places, voting equipment, and ballot tabulation.

- Requires the SOS to establish procedures to reduce the wait time at the polls.
- Establishes a method to monitor the wait time at the polls.
- Requires the county officer in charge of elections (Officer) to conduct a hand count for each countywide primary, general and presidential preference election.
- Requires a hand count of randomly selected races in two percent or two precincts in a county, whichever is greater. The precincts are randomly selected. (Provisional ballots, conditional provisional ballots and write in votes are not included in the hand count)
- Includes one federal race, one statewide candidate race, one ballot measure, and one legislative race in the races to be counted and adds the presidential race to the four categories of hand counted races.
- Specifies that early ballots are to be grouped separately for a separate manual audit and establishes procedures for that manual audit.
- Establishes the Vote Count Verification Committee (Committee) in the office of the SOS. The Committee is responsible for setting the designated margins to be used to determine whether hand counting of votes is required. The members of the Committee are appointed by the SOS and are required to have expertise in any one or more areas of advanced mathematics, statistics, random selection methods, systems operations or voting systems.
- Requires a hand count of a court ordered recount of legislative and statewide races. Five percent of the precincts for the recounted races will be randomly selected and the hand count follows the procedures for an election hand count if the results are equal to or greater than the designated margin for that race.

# COMMITTEE ON K-12 EDUCATION

***Representative Mark Anderson, Chairman***  
***Representative Warde V. Nichols, Vice-Chairman***  
***Brian Lockery, Legislative Research Analyst***  
***Thomas Adkins, Assistant Research Analyst***



\* Strike-everything Amendment  
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#### **HB 2064 – Chapter 4 – \*English language learners**

Revises the process for assessment, classification, reassessment and monitoring of pupils with a primary or home language other than English; establishes the 9-member Arizona English Language Learners Task Force (Task Force) charged with specified duties including developing and adopting research-based models of structured English immersion (SEI); requires school districts and charter schools to adopt at least one SEI model or develop an SEI program and submit SEI budget requests for English language learners (ELL) SEI programs; establishes duties for the Arizona Department of Education (ADE) and the Auditor General; establishes the Arizona Structured English Immersion Fund (SEI Fund) and the Statewide Compensatory Instruction Fund (SCIF); codifies some monitoring of school districts and charter schools for ELL programs; makes numerous appropriations; contains a legislative intent section and a conditional enactment section; increases the ELL Group B weight in FY 2006-07; and makes numerous other changes to the ELL statutes.

#### ***Assessment and Classification***

- Requires the primary or home language for all new pupils who enroll in a school district or charter school to be identified in a manner prescribed by the Superintendent of Public Instruction (Superintendent).
- Requires the English language proficiency of all pupils with a primary or home language other than English be assessed through English language proficiency exams using a process prescribed by the Superintendent. The ADE must annually request an appropriation to pay for the purchase of all language proficiency assessments, scoring and ancillary materials.
- Declares that a pupil must be classified an ELL and be enrolled in SEI or bilingual education if it is determined that the pupil is not English language proficient.

#### ***Arizona English Language Learners Task Force***

- Establishes the 9-member Task Force within the ADE consisting of two members appointed each by the President of the Senate, the Speaker of the House of Representatives and the Governor, and three members appointed by the Superintendent. The Task Force must:
  - ⇒ By September 1, 2006, develop and adopt research-based models of SEI programs for use by school districts and charter schools. The models must include specified factors, be the most cost-efficient models of SEI that meet all federal and state laws, be limited to programs for ELLs to participate in a SEI program not normally intended to exceed one year and be limited to a regular school day and regular school year. Instruction outside the regular school day and year must be provided through compensatory instruction which may be eligible for compensatory instruction funding. The Task Force must identify the minimum amount of English language development per day for all models. Additionally, the Task Force must develop separate models for the first year in which a pupil is classified as an ELL that includes a minimum of four hours per day on English language development.
  - ⇒ Submit the research-based models of SEI to the Legislature, the Governor and the State Board of Education (SBE). Additionally, the models must be submitted to the Joint Legislative Budget Committee (JLBC) for review at least 30 days of adoption by the Task Force.
  - ⇒ Review models of research-based SEI annually and delete, add or modify the existing models.
  - ⇒ Establish a procedure to determine the incremental costs for the adopted research-based models of SEI.

- ⇒ Establish a form for school districts and charter schools to determine the SEI incremental budget request amount. The maximum formula amount is the incremental costs of the adopted model minus all federal Title III monies and any other federal monies designated solely for the educational needs of ELLs, the portion of federal Title I, Title II A, impact aid and statutory desegregation monies determined by the ELL population as a percentage of the qualified population and the Group B ELL weight. The impact aid monies must be from unexpended impact aid monies after the school district has applied its impact aid monies for other allowable uses as permitted by state law. The difference is the budget request for monies from the SEI Fund. Beginning July 15, 2008, pupils who have been classified ELL after July 1, 2007 and who have been classified an ELL for more than two years are prohibited from being used in the calculation of incremental costs for school district and charter school SEI budget requests.

### ***Optional Programs***

- Allows a school district or charter school to adopt an ELL program not based on a model adopted by the Task Force. The school district or charter school must submit the proposed program along with supporting documentation regarding the expected outcomes of the program on the school district's or charter school's ELL students to the Task Force for approval. Upon receiving the proposed program, the Task force may approve the proposed program, provide limited approval subject to specific stipulations prescribed by the SBE or reject the proposed program and identify a Task Force approved model to adopt.

### ***Budget Requests***

- Requires each school district and charter school to:
  - ⇒ Select one or more Task Force-approved models of SEI for implementation on a school-by-school basis.
  - ⇒ Submit a SEI budget request on a school-by-school basis for a specific amount from the SEI Fund.
  - ⇒ Include in their SEI budget request the signature of specified persons that certifies that the information in the SEI budget request is true to the best of that person's knowledge, has been calculated pursuant to the formula and that monies from the SEI Fund shall not be used to supplant any federal, state or local, including desegregation, monies used for ELLs as of February 23, 2006.
  - ⇒ Beginning July 1, 2007, submit a SEI budget request annually to the ADE by September 15. The ADE must verify the SEI budget request of each school district and charter school for accuracy and compliance, and must collect the SEI budget requests and submit them to the Legislature for funding from the SEI Fund.

### ***Arizona Structured English Immersion Fund***

- Establishes the SEI Fund administered by the ADE. ADE must annually request an appropriation for the purposes of the Fund.
- Prohibits monies from the SEI Fund from being distributed for a pupil for more than two fiscal years.
- Requires each school district and charter school to establish a local level SEI Fund to receive monies from the Arizona SEI Fund.

- Requires school districts and charter schools to use monies from the SEI Fund to supplement existing programs for ELLs. Monies must not be used to supplant available monies used to pay for the normal costs of conducting programs for English proficient students.

#### ***Reassessing ELLs***

- Requires ELLs to be reassessed for the purpose of determining English language proficiency at least annually at the end of each school year through a process prescribed by the Superintendent.
- States that pupils who score at or above the English language proficiency test publisher's designated score for English proficiency must be reclassified as English proficient. After reclassification, the pupil must be transferred to English language mainstream classrooms.

#### ***Former ELL Monitoring***

- Requires the English language proficiency of each pupil previously classified as an ELL within the last two years to be tested annually at the end of the school year in the same manner as assessing for the first time. Pupils who fail to demonstrate English language proficiency must be classified as an ELL and be reenrolled in SEI, subject to parental consent, and may be provided compensatory instruction. The Superintendent must prescribe the manner in which pupils are reevaluated.

#### ***Statewide Compensatory Instruction Fund***

- Establishes the Statewide Compensatory Instruction Fund (SCIF) administered by the ADE.
- Requires school districts and charter schools to:
  - ⇒ Demonstrate to the ADE that the school district or charter school has established a satisfactory compensatory instruction program.
  - ⇒ Annually submit written compensatory instruction budget requests to the ADE by July 15 on a form developed by the ADE and signed by specified persons that the monies from the SCIF must not be used to supplant any federal, state or local, including desegregation, monies for ELLs that were budgeted for ELLs as of February 23, 2006. The written requests must include an analysis of compensatory instruction effectiveness. Monies from the SCIF must be used to supplement existing programs and must not be used to supplant any federal, state or local, including desegregation, monies used for compensatory instruction for ELLs as of February 23, 2006.
  - ⇒ Establish a local level compensatory instruction fund to receive SCIF monies.

#### ***ADE Duties***

- Establishes the ADE Office of English Language Acquisition Services (Office) to:
  - ⇒ Develop guidelines for the monitoring of school districts and charter schools for the purpose of ensuring compliance with all federal and state laws regarding ELLs.
  - ⇒ In consultation with county school superintendents, develop regional programs to enhance all aspects of training for teachers and administrators.
  - ⇒ Publish ELL policy guidelines that include a list of relevant rules, regulations and statutes relating to ELL programs to notify school districts and charter schools of their responsibilities.

- ⇒ Require each school district and charter school to annually submit a report to the ADE including information identified by grade level and by school.
- ⇒ Determine the mobility of ELLs within the same school district and to other school districts and charter schools through the SAIS.
- ⇒ Submit an annual report to the JLBC that includes an itemized list of all federal monies received by the ADE for ELLs, a list of how much of these monies were distributed to school districts on a district by district basis and the purposes for which these federal monies are designated.
- ⇒ Submit an annual report to the Governor, the Legislature and the SBE that includes a detailed analysis of whether and to what extent pupils are benefiting academically from compensatory instruction and a comparison of the academic achievement of pupils before and after receiving compensatory instruction.

### ***Monitoring***

- Requires the Superintendent to direct the Office:
  - ⇒ To monitor each year at least 12 school districts or charter schools from the 50 school districts or charter schools in this state with the highest number of ELLs. The ADE must monitor all 50 school districts or charter schools with the highest number of ELLs in Arizona at least once every four years.
  - ⇒ To monitor each year at least ten school districts or charter schools that are not included in the 50 school districts or charter schools with the highest number of ELLs.
  - ⇒ To monitor each year at least ten school districts or charter schools that are not required to provide instruction for ELLs for a majority of their grade levels.
  - ⇒ That the school districts and charter schools listed above must be chosen in the ADE's sole discretion based on the ADE's review of the reports submitted by school districts and charter schools.
- Requires ADE monitoring to be on-site and to include classroom observations, curriculum reviews, faculty interviews, student records, a review of ELL programs and an analysis of programmatic effectiveness. The ADE must determine compliance with federal or state law and issue a report within 45 days after completing the monitoring. Within 60 days of the ADE report, the school district or charter school must submit a corrective action plan to the ADE that sets forth the steps to be taken to correct the deficiencies noted in the report. Within 30 days of receiving the corrective action plan, the ADE must review and may require changes to the plan, then return the plan to the school district or charter school. Within 30 days of receiving the corrective action plan back from the ADE, the school district or charter school must implement the measures.

- Requires the ADE to conduct a follow-up evaluation of the school district or charter school within one year after the date of issuing the changed corrective action plan. If the ADE finds continued noncompliance during the follow-up evaluation, the school district or charter school must be referred to the SBE for determination of noncompliance for the purposes of continuing to receive SEI Fund monies. A school district or charter school determined to be noncompliant shall not reduce the amount of funds spent on its ELLs as a result of its loss of SEI Fund monies because of continued noncompliance. The ADE must continue monitoring school districts or charter schools that the SBE has determined are noncompliant and are no longer receiving SEI Fund monies to ensure that the school district or charter school has not reduced the amount of funds spent on their ELL programs as a result of noncompliance.

#### ***Auditor General Duties***

- Requires the Auditor General to:
  - ⇒ Biennially audit the overall effectiveness of the ELL program based on performance based outcome measurements and increased English proficiency.
  - ⇒ Review the mobility of English proficient students and ELLs.
  - ⇒ Conduct financial audits on school districts that are monitored as provided. The audits must include a review of the SEI budget requests and the SCIF budget requests. The Auditor General may conduct financial audits on randomly selected school districts that are not currently being monitored as provided.
  - ⇒ Determine whether school districts that receive grants from the SEI Fund and the SCIF are in compliance with specified state law through performance audits conducted by the school-wide audit teams.

#### ***Appropriations***

- Appropriates \$10,000,000 in FY 2006-07 from the state General Fund to the ADE for the SCIF.
- Appropriates \$2,555,000 in FY 2005-06 and \$4,610,000 in FY 2006-07 from the state General Fund to the ADE for statutory duties and for the costs of providing English language proficiency assessments, scoring and ancillary materials to school districts and charter schools. Allows the ADE to hire staff or contract out with a third party for specified duties. Additionally, the ADE may use a portion of these monies to contract with one or more private attorneys to provide legal services in connection with the Flores v. State of Arizona case.
- Appropriates \$2,500,000 in FY 2006-07 from the state General Fund to the Auditor General for specified duties.
- Appropriates \$14,300,000 in FY 2006-07 from the state General Fund to the ADE for distribution to school districts and charter schools for the increased Group B ELL weight.

#### ***Miscellaneous***

- Declares that the SBE must require all approved teacher training programs that provide a degree in education to require courses that are necessary to obtain a full SEI endorsement.
- Requires the ADE to include the results of ELL English language proficiency tests, reassessment tests and reevaluation tests in the school achievement profiles.

- Declares that the new sections relating to English Language Education do not relieve school districts and charter schools from ensuring that they are in compliance with the requirements of federal and state law.
- States that if a school district is levying a primary property tax on February 23, 2006 and using those monies to administer an ELL program to remedy alleged or proven discrimination under Title VI of the Civil Rights Act of 1964, the school district may spend those monies to remedy a violation of specified federal law.

**HB 2066 – Chapter 16 – charter school teachers; grading; immunity**

Expands teacher immunity from personal liability for all acts done and actions taken in good faith in evaluating or grading any student to include full-time noncertificated teachers.

**HB 2140 – Chapter 326 – \*schools; physical education; pilot program**

Establishes the Physical Education Pilot Program (Program) within the Arizona Department of Education (ADE) to end on September 30, 2011. Participating school districts and charter schools must include a curriculum that contains specified criteria, must ensure pupil participation for at least 150 minutes per week for FYs 2006-07 and 2007-08, unless the pupil's individualized education plan provides otherwise and must annually report to the ADE on specified criteria. Additionally, \$600,000 is appropriated in FY 2006-07 from the state General Fund to the ADE for the Program, nonlapsing until July 1, 2008, and the ADE is required to report by December 15, 2008 to the Governor and the Legislature summarizing the effectiveness and costs to the participating schools.

- Establishes the Program within the ADE consisting of at least three schools. The ADE must establish application procedures and additional selection criteria for school districts or charter schools to participate. Grant applications must include a detailed analysis clearly indicating what is necessary for the school to participate in the Program and how the monies will be used to meet the necessary requirements of the Program for two years.
- Requires participating schools to ensure that every pupil in grades 1-12 participates in physical education, unless the pupil's individualized education plan provides otherwise. For FYs 2006-07 and 2007-08, pupils must participate in physical education for at least 150 minutes each school week consisting of a combination of physical education programs and additional physical activities, including healthy schools programs that are integrated into existing curricula.

**HB 2359 – Chapter 240 – school profiles; school district accountability**

Changes the penalty for charter schools designated as underperforming who fail to submit an improvement plan to the Superintendent of Public Instruction (Superintendent), requires school district governing boards, in cooperation with its schools designated as underperforming, to develop and submit to the Arizona Department of Education (ADE) an action plan and allows the ADE to withhold up to 10% of state monies entitled to a school district if no action plan is submitted.

- Requires the ADE to work with staff at an underperforming school to assist in curricula alignment and instruction of teachers of how to increase pupil academic progress, considering the school's achievement profile.
- Requires the solutions team to present a statement of its findings to the school administrator and school district superintendent. Within 45 days of the statement of findings, each school district governing board, in cooperation with each underperforming school and its assigned solutions team representative, must develop and submit to the ADE an action plan detailing how the school district will help each underperforming school as the school incorporates the findings of the solutions team into its improvement plan. The ADE must review and accept the school district's action plan or return it to the school district for modification.

- Permits the SBE to instruct the Superintendent to withhold up to 10% of state monies a school district is otherwise entitled to receive each month if the school district does not submit an approved action plan within 45 days of receiving the solutions team's statement of findings. Monies must be returned when the school district attains compliance.

**HB 2486 – Chapter 25 – schools; textbooks; digital content**

Defines the term *textbook* for K-12 and amends the definitions of *nonprinted instructional materials* and *printed instructional materials* in regards to accessibility to textbooks and instructional materials.

**HB 2505 – Chapter 379 – school budgets; annual reports**

Removes the requirement for school district budgets to be conducted on a school by school basis, requires school districts, beginning in FY 2006-07, to report annual expenditures for maintenance and operations, unrestricted capital outlay, soft capital, deficiencies correction and building renewal on a school by school basis as part of the school district's Annual Financial Report and requires that school by school expenditure data for federal and state projects be included with the school district financial reports the Superintendent of Public Instruction (Superintendent) annually compiles.

**HB 2552 – Chapter 336 – schools; gifted pupils; programs; funding**

Increases the additional assistance for programs for gifted pupils, expands the scope and sequence requirements, establishes additional duties for the State Board of Education (SBE), the Superintendent of Public Instruction (Superintendent), the Arizona Department of Education (ADE) and school district governing boards for gifted programs and appropriates \$2,000,000 in FY 2006-07 from the state General Fund to the ADE for the increased additional assistance.

- Requires school district governing boards to modify the course of study and adapt teaching methods, materials and techniques to provide educationally for those pupils who are gifted and possess superior intellect or advanced learning ability, or both, but may have an educational disadvantage resulting from a disability or a difficulty in writing, speaking or understanding the English language due to an environmental background in which a language other than English is primarily or exclusively spoken.
- Requires a school district in which a gifted pupil transfers into to determine in a timely manner whether to identify that pupil as gifted. Transferring pupils identified as gifted must be provided gifted education without unreasonable delay.
- Requires programs and services for gifted pupils to be provided as an integrated, differentiated learning experience during the regular school day.
- Increases the penalty for failing to submit or failing to receive approval for the gifted education scope and sequence.
- Increases the additional funding for gifted programs to \$75 per pupil for up to 4% of the student count or \$2,000, whichever is greater.

**HB 2676 – Chapter 340 – private schools; scholarships; disabled pupils**

Establishes the Arizona Scholarships for Pupils with Disabilities Program (Program) for parents of a pupil with disabilities to attend a public or eligible qualified school of the pupil's choice, creates eligibility criteria of parents and qualified schools, establishes statutory obligations of Program participants, establishes the Arizona Scholarship for Pupils with Disabilities Program Fund (Fund), appropriates \$2,500,000 in FY 2006-07 from the state General Fund to the Arizona Department of Education (ADE) for the purposes of the Program nonlapsing until July 1, 2008 and repeals the Program on July 1, 2016.

- Allows the parent of a pupil with a disability who is attending a public school they are dissatisfied with to request and receive a scholarship for the child to enroll in and attend any qualified school if the child: has spent the prior school year in public school attendance; the parent has obtained acceptance for admission of the pupil to the eligible qualified school; and the parent has provided written or electronic notification to the school district of the request for a scholarship at least 60 days prior to the date of the first scholarship payment.
- Requires school districts and charter schools to enroll any child eligible under this Program.
- Requires each school district to timely notify the parent of each pupil with a disability of all scholarship options under the Program and to offer that pupil's parent an opportunity to enroll in another public school within the school district.
- Applies statutory transportation provisions to the Program.
- Requires the parent to notify the school district 60 days before the first scholarship payment and before enrolling the child in the eligible qualified school if the pupil's attendance is pending availability of space.
- Requires each school district to notify the ADE within 10 days of receiving notification of a parent's intent to apply for a scholarship.
- Requires the parent to request the scholarship at least 60 days before the date of the first scholarship payment.
- Requires parents to restrictively endorse the scholarship warrant to the qualified school for deposit into the account of the qualified school.
- Caps the maximum scholarship amount.
- Allows the ADE to make a partial scholarship payment on behalf of any participating pupil to any eligible qualified school that requires partial payment of tuition before the start of the academic year to reserve space for pupils. The partial payment is capped and limited.
- Requires each school district to report to the ADE on the number of all participating pupils.
- Establishes the Fund administered by the ADE consisting of appropriated monies. The ADE must formulate the total amount from the Fund and transfer these monies to the parents in quarterly installments. The ADE must receive all documentation required for the pupil's participation at least 30 days before the first quarterly scholarship payment is made, and the ADE is prohibited from making any retroactive payments from the Fund.
- Requires the Superintendent of Public Instruction, upon proper documentation reviewed and approved by the ADE, to make four equal quarterly installments on dates selected by the ADE on verification of continued enrollment and attendance at the qualified school. Payment must be an individual warrant payable to the pupil's parent and mailed by the ADE to the qualified school of the parent's choice, and the parent must restrictively endorse the warrant to the qualified school.
- Allows the State Board of Education to adopt rules to carry out the purposes of the Program.

#### **HB 2700 – Chapter 341 – JTEDs: omnibus**

Establishes joint technological education district (JTED) governing board responsibilities, requires intergovernmental agreements (IGA) or written agreements between JTEDs and other education entities, lists the requirements of the IGAs or written agreements, caps JTED basic state aid entitlement and expansion or growth in FY 2006-07, retroactively caps the property tax levied by a JTED at \$.05/\$100 of assessed valuation except for bond monies, prohibits a JTED from levying a property tax for adjacent ways, defines the terms *joint technological education course* and *joint technological education district* and makes numerous other changes to the statutes related to JTEDs.

- Establishes and limits the ADM shared between a charter school and a JTED at 1.25 to be apportioned between the charter school and the JTED based on the percentage of total time that the pupil is enrolled or in attendance for a charter school pupil residing within the boundaries of a school district that is part of the JTED.
- Places the content and quality of the courses offered by the JTED, the quality and salaries of teachers who provide instruction on behalf of the JTED and the reimbursement of other entities for the facilities used by the JTED under the management and control of the JTED governing board.
- Precludes pupils in grade 9 from being included in the average daily attendance or ADM if enrolled in a career exploration course.
- Requires agreements between JTEDs and a school district, another JTED, a charter school or a community college district to be in the form of IGAs or written contracts.
- Requires each initial IGA or other written contract and any addendums between the governing board of a JTED and another JTED, school district, charter school or a community college district be submitted to the Joint Legislative Budget Committee (JLBC).
- Requires each JTED, by December 1 annually, to submit a detailed report on data specified to the Career and Technical Education Division (Division) of the Arizona Department of Education. The Division is required to collect, summarize and analyze the data, and submit an annual report summarizing the data to the Governor, the Legislature and the SBE.
- Retroactively allows the ADM of a pupil enrolled in a course that meets for at least 150 minutes per class period at a centralized campus owned and operated by a JTED to be .75.
- Requires the ADE, by July 1, 2007, to submit a report to the JLBC listing all JTED courses offered in FY 2005-06 and all JTED courses offered and approved in FY 2006-07.
- Requires each JTED to submit a course to be offered in school year 2007-08 for approval to the Career and Technical Education Division of the ADE by January 1, 2007.

#### **HB 2788 – Chapter 385 – commission; civic education and engagement**

Establishes the 9-member State Commission on Civic Education and Civic Engagement (Commission) until July 1, 2016 to promote the informed, responsible participation in political activities by American citizens who are committed to the fundamental values and principles of the American system and to promote civic education and engagement in civic activities for persons of all ages. Additionally, membership and duties are delineated.

**HB 2817 – Chapter 343 [E] – school district budgets; debts**

An emergency measure that allows a county treasurer to register warrants on the debt service account of a school district under receivership if insufficient cash balances exist to cover the debt service payment, allows a school district that miscalculated their budget during FY 2004-05 to correct those errors over a five year period, with interest, if the school district was placed under receivership on or before December 31, 2005 and the total amount of the correction is between \$300,000 and \$700,000 and appropriates \$318,100 in FY 2005-06 to the Colorado City Unified School District to pay for three debt service payments. The appropriation must be repaid to the ADE over a five year period, and may be repaid quicker if the Colorado City Unified School District sells capital facilities and applies those proceeds to the repayment of the appropriation. Colorado City Unified School District is exempted from statutes regarding the sale of capital facilities until July 1, 2009 and is not required to remit proceeds from the sale of capital facilities in excess of \$318,100.

**SB 1094 – Chapter 217 [E] – school boundary changes; financial impact**

An emergency measure requiring residential and business property tax information, as delineated, to be included on ballots and publicity pamphlets regarding specified school district elections, and modifies the requirement for school districts to mail a publicity pamphlet to each qualified elector in the school district to mailing the publicity pamphlet to each household in the school district in which qualified electors reside. Additionally, students from an unorganized territory attending an adjacent school district through open enrollment or through certificates of educational convenience are allowed to continue enrollment in the existing school district even if the unorganized territory votes to form a new unified school district or joins with a different adjacent school district, and siblings of exempted students are allowed to attend the same adjacent existing school district.

- Requires a county school superintendent, prior to calling an election to change school district boundaries for an unorganized territory, to conduct at least two public meetings and to prepare a pamphlet to include specified residential and business property tax information to be mailed to each household containing a qualified elector in the school district.
- Requires school district governing boards to mail a pamphlet to each household that contains a qualified elector in the school district at least 90 days before the governing boards vote on the formation of a unified school district. The pamphlet must include specified residential and business property tax information.
- Specifies residential and business property tax information that must be included in the report on proposed boundary changes a county school superintendent prepares and the school district governing board distributes for consolidation of school districts.
- Conforms statute by requiring all school districts to send an informational report and sample ballot to the households within the school district in which qualified electors reside for budget override elections.

**SB 1164 – Chapter 358 – \*displaced pupils choice grant program**

Establishes the Displaced Pupils Choice Grant Program (Program) to allow a custodian to apply for and receive a grant for redemption at any grant school. The grant must be applied towards tuition and fees for the educational and related services provided by the grant school. Additionally, the bill: establishes grant and grant school eligibility; admission and application criteria; the Displaced Pupils Choice Grant Fund (Fund) within the Arizona Department of Education; appropriates \$2,500,000 from the state General Fund in FY 2006-07 to the Fund and makes the appropriation non-lapsing until June 30, 2008; and repeals the Program June 30, 2011.

- Declares that the grants constitute grants of aid to children through their custodian, and not as grants of aid to the grant school.

- Declares that a custodian is free to choose any grant school for the pupil, and that selection shall not be deemed a decision by the State or any of its political subdivisions.
- States that a pupil who received a grant in the prior school year shall continue to receive the grant if the pupil completed all necessary coursework to be promoted to at least the next grade level in the grant school, the pupil is in good academic standing with the grant school and the custodian completes all applications required by the grant school and the Arizona Department of Education (ADE).
- Allows a grant school to charge the pupil an amount above the grant value that represents the difference between the grant and the tuition and fees.
- Establishes a grant value of the lesser of \$5,000 or the total amount of tuition and fees charged by the grant school.
- Requires the ADE to issue the grant in quarterly installments to the custodian immediately upon receipt of proof of the pupil's enrollment in a grant school. All installments must be made upon verified enrollment and attendance in the grant school. The custodian must restrictively endorse and surrender the grant for use by the grant school. The grant school must immediately credit the pupil's account for payment of tuition and fees.

**SB 1184 – Chapter 359 – \*appropriation; alternative teacher development program**

Requires the State Board of Education (SBE) to establish the Alternative Teacher Development Program (Program) to accelerate the process of identifying, training and placing highly qualified individuals into low income schools through the use of teaching intern certification and the identification of a qualified service provider, requires the Arizona Department of Education (ADE) to develop application procedures, selection criteria and minimum performance standards for the Program, appropriates \$2,000,000 from the state General Fund to the ADE in FY 2006-07 for the Program, with at least 95% of the monies being awarded to a service provider that meets specified criteria and repeals the Program on July 1, 2016. Additionally, service providers selected to participate in the Program must annually report specified criteria to the ADE and requires the ADE to submit an annual report by December 15 to the Governor and the Legislature that includes an evaluation of the effectiveness of the Program. The report must include a comparison of the annual academic gains of students served by teachers participating in the Program and students served by beginning teachers in the same school.

**SB 1205 – Chapter 361 – schools; transportation RCL; limited increases**

Retroactively caps the Transportation Revenue Control Limit (TRCL) at 120% of the Transportation Support Level (TSL) beginning in FY 2006-07, increases the school day multiplier within the TSL from 175 to 180 days and appropriates \$5,500,000 to the Arizona Department of Education (ADE) in FY 2006-07 from the state General Fund to fund transportation costs based on a 180 day school year.

**SB 1257 – Chapter 161 – school districts; GITA technology standards**

Requires the State Board of Education (SBE) to post appropriate educational technology standards that relate to educational technology in school districts established by the Government Information Technology Agency (GITA) on the SBE website, and requires school district governing boards to vote on the adoption of, and requirements to comply with, technology standards if approved. School district technology personnel may present exceptions to technology standards at the public meeting. Contains a delayed repeal of July 1, 2010.

**SB 1270 – Chapter 200 – \*top elementary schools; publication**

Allows the Superintendent of Public Instruction (Superintendent) to prepare and publish on the Arizona Department of Education (ADE) web site the top 50 elementary schools, middle or junior high schools, high schools and charter schools based on the school's academic gains for the 2007-2008 school year according to measures determined by the ADE. Beginning in 2008-2009, the Superintendent may include more than 50 schools in each category if the necessary requirements for inclusion are met, and may include specified information about each school.

**SB 1324 – Chapter 250 – \*mental health screenings**

Requires a school district or charter school to obtain the written consent of a pupil's parent or legal guardian on the form prescribed prior to conducting a mental health screening.

**SB 1363 – Chapter 389 – \*Indian education act**

Establishes the Office of Indian Education (Office) within the Arizona Department of Education (ADE) and specifies its duties.

- Requires representatives from specified entities to assist in evaluating, consolidating and coordinating activities relating to the education of Native American pupils at least annually.
- Requires the Office, in collaboration with entities that serve Native American pupils, to submit an annual statewide Native American education status report to Indian nations that includes data on various specified performance measures based on specified submitted data.
- Requires a school district with tribal lands located within its boundaries to provide a district-wide Native American education status report in a brief format to the ADE and all Indian nations within the school district boundaries that includes data on various specified performance measures.

**SB 1380 – Chapter 265 [P 105] – special education; IDEA changes**

Aligns Arizona statute relating to the education of children with disabilities to federal code.

- Requires all students with disabilities to be included in state and district academic assessments, with appropriate accommodations and alternate assessments where necessary as indicated in the student's individualized education program (IEP) in accordance with federal law.
- Aligns the statutory child placement evaluation process and requirements for special education with the federal evaluation and placement requirements.
- Requires written consent of the child's parent or guardian before being placed in a special education program.
- Aligns statute to the federal requirements of parental notification regarding the progress of the child with a disability toward meeting the annual goals established in the IEP.
- Requires a school district or charter school to specify explicitly in the official notification to any parent that an initial evaluation may be conducted that the parent has the option to consent or refuse the initial evaluation in accordance with federal law.

**SB 1381 – Chapter 266 [E] – failing schools tutoring fund**

An emergency measure requiring the Superintendent of Public Instruction (Superintendent) to assign a solutions team to any school pursuant to a mutual agreement between the Arizona Department of Education (ADE) and the school. Additionally, SB 1381 makes changes to alternative tutoring program providers, changes the requirements a provider must meet in order to qualify, requires the State Board of Education (SBE) to annually review academic performance levels for certified providers and limits by grade the pupils who may select an alternative tutoring program in academic standards from a provider certified by the SBE. The SBE may remove providers from the approved list if the stated level of academic improvement is not met. Finally, the ADE may use monies from the Failing Schools Tutoring Fund to purchase materials designed to assist students to meet the Arizona Academic Standards and to achieve a passing score on the AIMS test in order to graduate from high school.

**SB 1382 – Chapter 305 [E] – AIMS test; dropout prevention**

An emergency measure that adds service to at-risk pupils in seventh grade or eighth grade and for twelve months following a pupil's exit from the Arizona Instrument to Measure Standards Intervention and Dropout Prevention Program (Program) to the requirements a service provider must meet in order to receive monies to participate in the Program. Additionally, the Arizona Department of Education may use monies for the Program appropriated by the Legislature to purchase materials designed to assist students to meet the Arizona Academic Standards and to achieve a passing score on the Arizona Instrument to Measure Standards test

**SB 1443 – Chapter 282 – \*AIMS test; alternative graduation requirement**

Allows elective courses that satisfy the requirements of the State Board of Education to be included as additional credit to augment a pupil's score on the Arizona Instrument to Measure Standards test.

**SB 1512 – Chapter 375 – \*e-learning digital institute; data warehouse**

Establishes an 11-member E-Learning Task Force (Task Force) under the Arizona Department of Education (ADE) charged with examining e-learning programs from other states, analyzing potential implementation methods, developing innovative e-learning solutions and annually reporting to the Legislature regarding e-learning programs and solutions. The Task Force terminates on July 1, 2016. Additionally, the three-year E-Learning Pilot Program (Pilot Program) is established, along with the E-Learning Fund (Fund), to help up to ten schools to achieve academic and motivational gains based on the state and national average. Finally, SB 1512 appropriates \$3,000,000 in FY 2006-07 to the ADE for the Pilot Program, and repeals the Pilot Program and Fund from and after August 31, 2011.

- Requires the Task Force, by December 15, 2006 and in cooperation with the ADE, to prepare an actionable request for proposals (RFP) to implement the Pilot Program. Additionally, the Task Force must submit the preliminary RFP to the Joint Legislative Budget Committee (JLBC) for review and comment. The RFP must require all responses to meet the Government Information Technology Agency standards, and must include specified criteria.
- Requires the Task Force to finalize the RFP based on the JLBC comments, and the ADE must issue the RFP within 30 days of the JLBC hearing. Within 180 days of issuance, the ADE must award the contract or contracts.
- Requires the overall e-learning system to be implemented through a three-year Pilot Program that delivers specified criteria.

- Requires the ADE, in cooperation with the Task Force, to establish application procedures and additional selection criteria for schools to participate in the Pilot Program after the ADE has awarded a contract. Participating schools must provide instruction in any two grades from grades 6-9 in up to 10 schools.
- Requires the ADE, in cooperation with the Task Force, to submit a report by November 15, 2010 to the Governor and the Legislature that summarizes the results of the Pilot Program.
- Appropriates \$3,000,000 from the state General Fund to the ADE in FY 2006-07 for the Pilot Program. The ADE may distribute appropriated monies in FYs 2006-07 through 2009-2010.

**SB 1551 – Chapter 178 – \*board of supervisors; accommodation schools**

Prohibits the county board of supervisors, until July 1, 2010, from providing necessary expenses from the Special County School Reserve Fund without an intergovernmental agreement with the county school superintendent delineating the county's responsibilities for financial contributions to an accommodation school budget, including any conditions related to the expenditures and any financial reporting required of the county school superintendent. The county school superintendent must provide an annual report to the county board of supervisors by April 1 on the county school superintendent's plans for the provision of accommodation school services for the next school year and the projected number of students at each accommodation school in the district. Additionally, the county school superintendent must annually provide the county board of supervisors by June 1 with estimated revenues from the state and any other financial information the county board of supervisors may request. Finally, SB 1551 establishes the 12-member Joint Legislative Study Committee on Accommodation School District Governance and Financing charged with specified duties until January 1, 2008.

# COMMITTEE ON NATURAL RESOURCES AND AGRICULTURE

***Representative Tom O'Halleran, Chairman***  
***Representative Russell L. Jones, Vice-Chairman***  
***Kathi Knox, Legislative Research Analyst***  
***Eden Rolland, Assistant Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause

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**HB 2127 – Chapter 126 – nonresident big game permits; limits**

Requires the Game and Fish Commission to limit the number of big game permits allotted to nonresidents to 10 percent or fewer of the total hunt permits that are issued through a random drawing. The Commission is allowed to increase the number of nonresident big game permits in extraordinary circumstances with a unanimous vote of the Game and Fish Commission.

**HB 2129 – Chapter 238 – \*illegal hunting; penalties**

Modifies the authority of the Arizona Game and Fish Commission to revoke or suspend a hunting or fishing license. The bill also increases the minimum assessments for unlawful taking of wildlife and removes the \$50,000 cap that currently exists for the Wildlife Theft Prevention Fund. In addition, the bill classifies unlawful feeding of wildlife in Maricopa and Pima counties as a petty offense, although certain exemptions apply.

**HB 2130 – Chapter 128 – game and fish; hunter harassment**

Replaces the Game and Fish Commission's rule-making authority to designate hunting areas by rule if a significant interference of a hunt is likely to occur and outlines eight actions that qualify as unlawful interference, disruption or prevention of a hunt.

- Classifies the following as a Class 2 misdemeanor:
  - ⇒ Harassing, driving or disturbing wildlife;
  - ⇒ Blocking, obstructing or impeding a hunter;
  - ⇒ Erecting barriers without permission of the landowner or lessee;
  - ⇒ Making physical contact with a hunter without permission;
  - ⇒ Theft, vandalism or destruction of real or personal property;
  - ⇒ Disturbing hunting equipment;
  - ⇒ Making noises, gestures or using outside stimuli to disrupt either hunter or wildlife;
  - ⇒ Interjecting oneself into the line of fire.

Interference on public or private lands is classified as a Class 3 misdemeanor. Landowners engaging in animal husbandry or agricultural operations are exempt from charges of unlawful interference or disruption.

**HB 2394 – Chapter 69 – agricultural improvement districts; electors; trusts**

Modifies the voting qualifications for agricultural improvement district elections by granting voter eligibility to the holder of a revocable family trust. Includes a conditional enactment that requires approval by a vote of the Salt River Valley Water Users Association to amend the Association's articles of incorporation to include this change to voting eligibility. The vote must be taken by December 31, 2007 and the Salt River Project must provide written notification of the results of the vote to the Arizona Legislative Council.

**HB 2428 – Chapter 95 – water service providers; corporate dissolution**

Allows the assets of a domestic water or wastewater service provider, which has been dissolved for three years, to be transferred by the Arizona Corporation Commission (ACC) to: 1) a domestic water improvement district; 2) a domestic wastewater improvement district; or 3) a city or town. The district, city or town must submit a written request for the transfer of assets. Notice regarding the transfer of assets must be given to interested parties and an opportunity for objection and hearing must be provided before the transfer. The domestic water or wastewater service provider whose assets have been transferred is prevented from applying for reinstatement by the ACC.

**HB 2431 – Chapter 96 – \*affidavit of disclosure: water service**

Requires information regarding water supplies to be included in the affidavit of disclosure furnished by sellers of five or fewer parcels of land. Check boxes are added to the affidavit of disclosure to indicate how the property is served water and to indicate whether or not water has to be transported to the property. The affidavit of disclosure also must include a notice to the buyer stating that the Arizona Department of Water Resources might not have made a water supply determination for property that is serviced by a well, private water company or municipal water provider, and to contact the water provider for more information.

**HB 2436 – Chapter 97 – emergency water transfers; drought**

Allows groundwater to be transported away from a groundwater basin that is outside an active management area on a temporary basis if specific emergency circumstances exist. Contains a retroactive effective date of April 30, 2006 and establishes a delayed repeal date of April 30, 2007.

**HB 2508 – Chapter 193 – mines and minerals resources department**

Continues the Department of Mines and Mineral Resources until July 1, 2016 and modifies its powers and duties. Contains a retroactive effective date of July 1, 2006.

**HB 2518 – Chapter 228 – gray water use; incentives**

Allows gray water to be considered in the determination of an assured water supply. Gives the Department of Environmental Quality (DEQ) authority to consider gray water when calculating the capacity of wastewater treatment systems for subdivisions. Prohibits cities, towns or counties from limiting gray water use that is authorized by a DEQ permit. Defines *gray water*.

**HB 2639 – Chapter 339 – earth fissure maps**

Requires that earth fissure maps be made available to the public in both printed and electronic format and updated on a five year basis. Appropriates \$232,600 to the Arizona Geological Survey and \$80,600 to the State Land Department in FY 2006-07.

**HB 2689 – Chapter 289 – reservation telecommunications legislative study committee**

Establishes a legislative study committee on reservation telecommunications consisting of three Senators and three Representatives. Requires the committee to study tribal contributions to the state transaction privilege tax and to recommend a distribution formula and process for tribal governments that is modeled after the current city and state shared revenue formulas. A report is due by June 30, 2007 and the committee is repealed on January 1, 2008.

**HB 2835 – Chapter 114 – Arizona water settlements act; implementation**

Modifies the powers and duties of the Arizona Water Banking Authority (AWBA) in order to implement the state's obligations to deliver water to Indian tribes during times of shortage. The bill also describes funding sources and water sources that are available to AWBA. Specifically, the bill:

- Authorizes AWBA to act as the agent of the state for purposes of implementing and meeting the state's obligations relating to firming the Indian settlement water supplies, and specifically allows AWBA to:
  - ⇒ Deliver water directly to Indian communities.
  - ⇒ Store additional sources of water, specifically effluent and surface water other than Colorado River water.
  - ⇒ Distribute long-term storage credits to meet tribal water needs as required by the Indian firming program.
  - ⇒ Establish a subaccount within the Arizona Water Banking Fund to implement the Indian firming program.

- ⇒ Use groundwater withdrawal fees for Indian firming purposes as well as to firm municipal and industrial supplies.
- ⇒ Enter into leasing agreements or contracts with various, specified entities to store, recover, lease and deliver water.
- Clarifies that long-term storage credits may be used to meet the needs of CAWCD subcontractors during times of shortage or in the event the CAP canal operations are disrupted.
- Allows groundwater to be transferred from McMullen Valley and the Harquahala irrigation non-expansion area (INA) for use by the AWBA in order to meet Indian firming obligations. Current law prohibits transfer of groundwater from rural areas to active management areas (AMAs), unless specifically permitted.
- Allows a portion of the groundwater withdrawal fees collected in the Phoenix, Pinal and Tucson AMAs to be used to meet Indian firming obligations.
- Authorizes the use of General Fund appropriations and groundwater withdrawal fees to implement the Indian firming program. Requires the AWBA to use general fund appropriations before using groundwater withdrawal fees.
- Revises a current legislative intent section of law to add a statement which says it is in the best interest of the state to facilitate storage and delivery of water to settle Indian water rights claims.
- Modifies the definition of *municipal provider* to include all special taxing districts that supply water for non-irrigation uses.
- Corrects several references to *eastern protection zones* and to *water stored and recovered on an annual basis* for purposes of properly calculating replenishment obligations.
- Provides a conditional enactment for several sections of the act. Certain sections amend statutes that do not become effective until the Secretary of Interior finalizes the water settlement agreement.

**SB 1086 – Chapter 300 – parks board reservation revolving fund**

Increases the cap on the State Parks Reservation Surcharge Revolving Fund from \$12,500 to \$75,000.

**SB 1103 – Chapter 279 – omnibus agriculture act of 2006**

An omnibus act that makes numerous changes to the Arizona Department of Agriculture statutes. The bill allows the state agricultural laboratory to collect fees; expands seed testing practices; modifies the information required to be provided to the Department regarding pesticides and labeling; reduces the number of members on the Grain Research Council from nine to seven; authorizes the Department to participate in the National Animal Identification Program; modifies authority to conduct investigations; and addresses seizure of livestock by a federal agency.

**SB 1161 – Chapter 34 [E] – navigable stream adjudication commission; continuation**

An emergency measure that continues the Arizona Navigable Stream Adjudication Commission through June 30, 2008.

**SB 1249 – Chapter 52 – water improvement districts; notice; commission**

Requires that a petition for a domestic water or wastewater improvement district specify if the district's boundaries are within the service territory of an existing or proposed domestic water or wastewater service provider. A public hearing must be held by the county board of supervisors.

**SB 1251 – Chapter 363 – \*unclaimed property; agricultural protection fund**

Modifies the amounts that are distributed to several funds relating to county fairs, county fair racing, and breeder's awards. Monies in the funds are received from unclaimed property. Contains an effective date of January 1, 2007.

**SB 1256 – Chapter 54 – multispecies conservation programs; fees**

Clarifies that fees assessed by the Arizona Department of Water Resources for the Lower Colorado River Multispecies Conservation Program do not apply to users of Colorado River water who already pay fees and are current in their payments under agreements with the Central Arizona Water Conservation District.

**SB 1334 – Chapter 56 – well drilling; time extension**

Allows the Director of the Arizona Department of Water Resources to extend the completion period to drill a replacement well to more than one year, but not more than five years of the date the drilling card was issued if the proposed well is a non-exempt well within an Active Management Area and is a replacement well in approximately the same area as the original well. Evidence must also be submitted that either the state or a political subdivision of the state has either acquired or begun the process to acquire the land where the original well is located, or the original well is inoperable due to extraordinary physical circumstances beyond the control of the operator.

**SB 1409 – Chapter 57 – domestic water improvement districts; wastewater**

Allows a domestic water improvement district to also provide domestic wastewater service, subject to the authorization of the county board of supervisors.

**SB 1468 – Chapter 374 – Arizona trail**

Establishes the Arizona Trail as a state scenic trail and outlines the responsibilities of the Arizona State Parks Board regarding the trail. Creates the Arizona Trail Fund and appropriates \$250,000 to the Arizona State Parks Board from the general fund in FY 2006-07.

**SB 1541 – Chapter 283 – equine dentistry exception; veterinarians**

States that equine dental practitioners are not regarded as practicing veterinarians and provides guidelines for the practice. Equine dentists must provide proof of certification; may perform certain procedures only under the general supervision of a licensed veterinarian and some procedures, such as tooth extractions, only under direct supervision. The bill also prohibits equine dentists from prescribing or administering medicine. Defines *general* and *direct supervision*.

**SB 1550 – Chapter 393 – copper state park**

Authorizes the Arizona State Parks Board to create a rock climbing state park and outlines conditions for its establishment and operation.

# COMMITTEE ON PUBLIC INSTITUTIONS AND RETIREMENT

***Representative Marian A. McClure, Chairman***  
***Representative Trish Groe, Vice-Chairman***  
***Tami Stowe, Legislative Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
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**HB 2082 – Chapter 103 – ASRS; benefit election; spousal notification**

Requires spousal notification when changing beneficiaries, annuitants or period certain and life annuity options, if the current spouse is the beneficiary or annuitant.

**HB 2103 – Chapter 106 – ASRS; local termination incentive program**

Changes the term “retirement incentive program” to “termination incentive program” within the Arizona State Retirement System (ASRS).

**HB 2113 – Chapter 125 – \*PSPRS; CORP; EORP; continuation**

Continues the Public Safety Personnel Retirement System (PSPRS), the Corrections Officers Retirement Plan (CORP), the Elected Officials’ Retirement Plan (EORP) and ASRS for 10 years.

**HB 2163 – Chapter 257 [E] – \*credited service transfer; ASRS**

Is an emergency measure that allows county employees who enter into an agreement with ASRS to join the system and transfer pretax assets from an existing retirement plan to pay for transferring credited service with prescribed conditions and is repealed July 1, 2007.

**HB 2335 – Chapter 226 – \*vehicle length**

Limits farm vehicles, horse trailers, power units or wheeled equipment to 65 feet in length, if used in combination with two units. Additionally, the bill allows the middle unit of a recreational vehicle in tow to be a farm vehicle or a horse trailer.

**HB 2339 – Chapter 268 – DPS; director; industrial injury leave**

Grants the maximum of 2080 hours of industrial injury leave to civilian DPS employees who have been injured in the course of performing or assisting in law enforcement or hazardous duties.

**HB 2340 – Chapter 12 – ASRS; deferred retirement; repeal**

Repeals the ASRS Modified Deferred Retirement Option Program (Modified DROP).

**HB 2482 – Chapter 241 – CORP; return to work**

Allows a retired member of CORP, who retired before January 1, 2006, to become employed by a CORP employer in a designated position and still receive their pension, if the employment occurs at least 90 days after retirement and the employment involves substantial direct inmate contact. Additionally, the bill establishes the Reverse Deferred Retirement Option Plan (Reverse DROP) within CORP and outlines the requirements.

**HB 2715 – Chapter 141 – public construction contracts**

Allows all counties, for no more than five construction projects, to consider criteria other than just the lowest responsible bidder when entering into public construction contracts.

**SB 1006 – Chapter 215 – deferred presentment; military service members**

Establishes requirements for deferred presentment loans to military customers or military spouses as follows:

- Requires a licensee to provide a written statement to a military customer or the military customer’s spouse that clearly and conspicuously states the military lending practices before engaging in a deferred presentment transaction.
- Outlines military lending practices as follows:
  - ⇒ A licensee cannot garnish military wages or salary.
  - ⇒ A licensee cannot conduct any collection activity against a military customer or military spouse during deployment to combat or combat support posting or during active duty by a member of the National Guard or any military reserve unit.

- ⇒ A licensee must contact the employer of a military customer about a deferred presentment debt of the military customer or military spouse, but clarifies the contact shall only be a notice for informational purposes and not an attempt to collect on a deferred presentment loan through the military customer's chain of command.
- ⇒ A licensee cannot conduct a deferred presentment transaction in any location prohibited by the commanding officer.
- ⇒ Binds a licensee to the terms of any repayment agreement that is negotiated through military counselors or third party credit counselors.
- ⇒ Prohibits military customers or military spouses from extending deferred presentment loans.

**SB 1053 – Chapter 182 – probation; extension**

Requires the court to extend the period of probation by the amount of time the Arizona Department of Corrections (ADC) approves temporary release, if community supervision is waived and prevents ADC from adding the amount of time for the inmate's temporary release to the inmate's term of community supervision, when community supervision is waived.

**SB 1142 – Chapter 308 – \*CORP; membership expansion**

Allows certain probation, surveillance and juvenile detention officers employed by the judiciary to participate in CORP, provides for a joinder agreement, establishes the local board and makes additional necessary changes to CORP statute.

**SB 1167 – Chapter 309 – ASRS; optional forms of retirement**

Allows a retired ASRS member, who retires on or after the effective date of this act, to exercise a one-time election to rescind a retirement benefit option, if the beneficiary dies or ceases to be the beneficiary due to divorce. Additionally, the bill grandfathers current retirees with the ability to pop-up and down between retirement options, makes other clarifying changes and appropriates \$50,000 from the ASRS administration account in FY 2006-07 to ASRS for implementation costs.

**SB 1168 – Chapter 157 – ASRS; federal conforming changes**

Makes numerous federal conforming changes to ASRS statute.

**SB 1172 – Chapter 301 – \*CORP; retirees; employment**

Establishes ordinary disability pension benefits for the dispatchers who join the Corrections Officers Retirement Plan (CORP) and outlines the regulations surrounding ordinary disability and the joinder agreement.

**SB 1357 – Chapter 251 [E] – special retirement plans; amortization**

Is an emergency measure that modifies the amortization periods used to finance unfunded actuarial accrued liabilities, increases minimum employer contribution rates and establishes employer stabilization reserve accounts within EORP, PSPRS, and CORP.

**SB 1359 – Chapter 264 – public retirement plans; administration amendments**

Makes numerous administrative changes to the statutes governing EORP, PSPRS and CORP. Additionally, the bill provides provisions for the transfer of service credits between municipal retirement systems and PSPRS and CORP and changes the current institutional investments requirement for ASRS investment management.

# COMMITTEE ON TRANSPORTATION

***Representative Andy Biggs, Chairman***  
***Representative Pamela Gorman, Vice-Chairman***  
***John Halikowski, Legislative Research Analyst***  
***René Guillen, Assistant Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
[P 108] Proposition 108 Clause

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#### **HB 2100 – Chapter 377 – personalized veteran special license plates**

Allows a request for a Veteran Special Plate to be combined with a request for a personalized special plate and establishes a \$50 initial fee for the plate combination and a \$25 annual renewal fee, with \$17 of the fee serving as a veteran plate annual donation. In addition, it requires that from and after December 31, 2008, the name of the state at the top of license plates cannot be obscured.

#### **HB 2174 – Chapter 188 – photo enforcement; signage**

Requires that state agencies and local authorities adopt standards for posting signage and equipment if the agency or local authority is using a *photo enforcement system* to identify persons who violate laws relating to speed limits or traffic control devices.

- Exempts a vehicle that does not contain a photo enforcement system and that is used by a law enforcement officer.
- Exempts a mobile photo enforcement vehicle from adoption of standards and specifications that indicate a photo enforcement system is present and operational during the time a mobile photo enforcement vehicle is deployed on streets with a posted speed limit of 40 MPH or less.

#### **HB 2205 – Chapter 173 – planned communities; utility vehicle parking**

Allows a resident to park a motor vehicle on a street or driveway in a planned community (HOA) if the resident is employed by a municipal utility and the vehicle is required to be available at the person's residency for emergency deployment for repair or maintenance of natural gas, electrical or water infrastructure as a condition of the person's employment.

#### **HB 2206 – Chapter 284 – state highway fund bonds**

Removes the statutory cap (currently set at \$1.3 billion) on Highway User Revenue Fund (HURF) parity bonds issued by the State Transportation Board and increases the amount of monies subject to pledge for the bond payment for the preceding 12-month period to three times the highest annual principle and interest payment on all outstanding bonds and the bonds issued for the highest one-year period during the life of those bonds.

#### **HB 2207 – Chapter 21 [E] – driver licenses; organ donor information**

Provides statutory authority to the Arizona Department of Transportation Motor Vehicle Division (MVD) to transfer information the department received prior to 1996, pertaining to a driver or identification licensee's wish to be an organ donor, to an organ procurement organization that maintains an anatomical gift registry in accordance with Arizona law and that is located in this state.

#### **HB 2208 – Chapter 297 – \*motor vehicle accidents; unlawful operations**

States that a driver is guilty of *"causing death by use of a vehicle"* if the driver causes death to another person and the driver commits a violation of statutes relating to red lights, stop signs and crosswalks while the driver's license is revoked, suspended under specific circumstances, or was obtained falsely. In addition, it establishes *"causing death by use of a vehicle"* as a class 4 felony and *"causing serious physical injury by use of a vehicle"* as a class 5 felony.

- States that a person is guilty of *"causing death by use of a vehicle"* or *"causing serious physical injury by use of a vehicle"* if the person causes death or serious physical injury to another and all of the following apply:
  1. The person is not permitted to operate a motor vehicle because the person's driver license is revoked, suspended for driving under the influence, implied consent, a prior conviction of driving on a suspended license or suspended for points imposed by the Department.
  2. The driver commits a violation of statutes relating to red lights, stop signs and crosswalks.
  3. The person does one of the following to obtain the license:
    - Knowingly uses a false or fictitious name.

- Knowingly makes a false statement.
  - Knowingly conceals a material fact.
  - Commits fraud.
  - Commits perjury to obtain a driver's license.
- Removes the civil violation and imposes a Class 3 misdemeanor for causing death or serious physical injury involving a moving violation.
- Allows for the collection of up to \$10,000 in restitution in such cases.
- Requires the misdemeanor charge to be dismissed if the person suffering personal injury acknowledges receipt of satisfaction prior to trial or court action. The court must note the satisfaction in the court record, which serves as a bar to prosecution for the same offense.
- Repeals these provisions on December 12, 2011.

**HB 2212 – Chapter 63 [E] – \*municipal annexation; waiting period**

Prohibits a city or town from filing a petition for annexation of territory for a period of at least forty-five days after completion of an unsuccessful prior annexation attempt by the same city or town if any territory from the prior unsuccessful annexation attempt is included in the new petition. Allows a property owner to waive the forty-five day waiting period for their property that was part of the unsuccessful annexation attempt and defines *unsuccessful annexation*.

**HB 2322 – Chapter 23 – driving schools; limitation of hours**

Limits Defensive Driving School (DDS) training and educational sessions to a combined time of four and one-half hours, including any testing, reviewing and grading related to the DDS training.

**HB 2345 – Chapter 205 – commercial driver licenses; motor carriers**

Makes several changes to current laws affecting commercial driver licenses and motor carriers.

- Requires the department to immediately cancel the hazardous materials endorsement on the driver's commercial driver license on notification by the Transportation Security Administration that the individual's authorization to hold the endorsement has been terminated.
- Requires that the department disqualify a person from driving a commercial motor vehicle if a person refuses a test of the person's blood, breath, urine or other bodily substance for the purpose of determining alcohol or drug concentration.
- Mandates lifetime license disqualification if a person uses any motor vehicle in the commission of a felony involving the manufacture, distribution or dispensing of a controlled substance or possession with intent to manufacture, distribute or dispense a controlled substance.
- Requires the department to disqualify a person from driving a commercial motor vehicle for three years if the person is found responsible for a second violation of any out-of-service order during any ten year period arising from separate incidents.
- Increases civil penalties for violating out of service orders.
- Imposes a civil penalty of not more than \$10,000 on a motor carrier who knowingly requires or allows a driver to violate any federal, state or local railroad crossing law, ordinance or regulation.

- Specifies that a motor carrier who violates railroad crossing laws is subject to disqualification as currently prescribed in statute.
- Allows the Director to adopt rules establishing a fee for nonresidents operating a foreign vehicle or foreign vehicle combination that will be deposited in the Safety Enforcement and Transportation Infrastructure Fund (Fund), based on the number of axles attached to the foreign vehicle or foreign vehicle combination.
- Defines *foreign vehicle or foreign vehicle combination* as a truck or truck tractor and semi trailer and any trailer that is towed which is registered in a foreign country/jurisdiction of a foreign country and enters Arizona by crossing the border between Arizona and the Republic of Mexico in the furtherance of a commercial enterprise.
- Removes the requirement for monies from the Fund to be spent on the enforcement of vehicle safety requirements by the Department of Public Safety and the ADOT within 25 minutes of the border between Arizona and the Republic of Mexico.
- Allows monies from the Fund to be spent on:
  - ⇒ Costs related to the procurement of electronic equipment/automated systems or improvements to existing electronic equipment/ automated systems for relieving vehicle congestion at the ports of entry on the border between Arizona and the Republic of Mexico.
  - ⇒ A commitment or investment necessary for the ADOT to obtain federal monies.
- Repeals Laws 2003, Chapter 231, relating to prior Fund appropriations.

#### **HB 2387 – Chapter 174 – \*Mexico: entry; minors**

Enables a city, town or county to adopt an ordinance allowing local law enforcement officers to prevent a minor from entering Mexico. Allows the governing body of a city, town or county to adopt an ordinance to allow a peace officer or sheriff to prevent minors from entering into the Republic of Mexico if the minor is unaccompanied by or does not have the written consent from a parent or guardian. Stipulates that the sheriff or peace officer may only prevent entry and cannot detain the minor. Specifies that this legislation does not limit the authority of a peace officer and hold any city or town criminally or civilly liable for not adopting an ordinance relating to this section of law.

#### **HB 2389 – Chapter 276 – \*signs; covering; school bus**

Exempts school buses from covering markings indicating that the vehicle is a school bus if any of the following conditions apply: (a) the bus is being driven to or from school for school sponsored academic activities, (b) the school bus is being driven to or from school for school sponsored vocational and technological education, (c) the school bus is being driven to or from school for school sponsored athletic trips or extracurricular activities.

- Removes the criminal penalty for failure to stop for a school bus that is loading or unloading passengers, and replaces the criminal penalty with a civil traffic violation.
- Establishes a minimum civil penalty of \$250, with higher gradations of fines imposed for repeat violators within a 36 month period.
- Places the failure to stop for a school bus into the category of civil traffic violations subject to enhanced civil penalties if death or serious physical injury is involved.

#### **HB 2614 – Chapter 304 – disclosure of personal information; MVD**

Enacts the language of the federal Driver Privacy Protection Act (DPPA) in Title 28, Arizona Revised Statutes.

- Prohibits MVD from disclosing personal information or highly restricted personal information unless one of the statutory exemptions applies.
- Allows MVD to disclose personal information for any of the following:
  - ⇒ Motor vehicle or driver safety and theft.
  - ⇒ Motor vehicle emissions.
  - ⇒ Motor vehicle product recalls, alterations or advisories.
  - ⇒ Performance monitoring by motor vehicle manufacturers.
  - ⇒ Removal of non-owner records from manufacturer records.
- Allows MVD to disclose personal information for statutorily specified uses.
- Except for information requests relating to government agencies, courts, law enforcement, civil and criminal proceedings, insurance purposes and commercial driver license purposes, highly restricted personal information cannot be released without a person's express consent.
- States that *express consent* may be conveyed as either (a) a one-time authorization submitted by a requester or (b) general consent or opt in on certain department forms.
- Requires MVD to provide for notice and opportunity to opt-in and provide express consent on certain department forms and requires the department provide notice to the applicant that providing express consent allows the applicant's information to be disclosed.

#### ***Bulk Records***

- Permits the MVD director to disclose motor vehicle information and personal information in bulk record format.
- Prohibits disclosure of driver histories under the bulk records section.
- Specifies search fees requiring a database search for specific criteria contained within a record.
- Specifies conditions under which a record recipient may re-sell or re-disclose information
- Requires persons reselling or re-disclosing information to keep records identifying each person or entity that receives information and the permitted purpose for which the information will be used for a period of five years.
- Prohibits a person from knowingly obtaining or disclosing personal information or highly restrictive personal information from a motor vehicle record for any use not permitted.
- Prohibits a person from making a false representation to obtain any personal information or highly restrictive personal information from an individual's motor vehicle record.
- Allows civil actions to be brought in a United States district court pursuant to 18 United States Code section 2724, in addition to any criminal penalties or sanctions for violations of this act
- States that the prohibitions regarding the release of personal information shall not in any way affect the use of organ donation information on an individual's driver's license or the administration of organ donation in this state.

**HB 2615 – Chapter 286 – school crossings; traffic violation; assessment**

Establishes a special assessment equal to the civil penalty for a school crossing traffic violation, if the violation occurs during the time portable signs are in use. Stipulates that the civil penalty for a school crossing violation is doubled when “stop when children are in crosswalk” signs are present. Clarifies that surcharges will not be included in the doubled fine amount. Outlines the court’s responsibilities in fee collection and distribution.

**HB 2622 – Chapter 287 – \*MVD third party fees; retention**

Clarifies that when the Arizona Department of Transportation (ADOT) reimburses an authorized third party or third party electronic service provider for an allowable transaction, the reimbursement includes the initial, duplicate, or replacement of the credential. Diverts fees to electronically process Traffic Survival school applications, adds a fee diversion for filing fuel tax reports and electronic funds transfers.

- Requires the department to reimburse a third party or authorized electronic third party service provider two dollars for processing a Traffic Survival School application.
- Prohibits reimbursement for processing applications for crushed vehicles.
- Allows the third party electronic service provider to retain two dollars to process documents electronically in cases where the statutory fee is two dollars or more.
- Empowers the ADOT Director to authorize an electronic third party service provider to process electronic funds transfers for a two dollar fee.
- Adds an electronic third party service provider fee retention of five dollars or one-quarter of one per cent of reported fuel taxes.
- Caps the annual amount the electronic third party service provider may retain for electronic filing of fuel tax reports at \$1.5 million for the first year and \$360,000 for each year thereafter.
- Limits the maximum annual amount a third party may retain as a processing fee for fuel tax reports to \$1,500,000 for the first year and \$360,000 for each subsequent year.
- Increases the bond amount from \$25,000 to \$100,000 for a person who is applying to operate as an authorized MVD third party service provider.
- Exempts an owner or registrant of a fleet of 100 or more vehicles from the bond requirement.
- Removes an ADOT bonded title service company from the list of entities exempted from the third-party bond requirements.

**HB 2691 – Chapter 277 – \*commercial vehicles; exhaust systems**

Requires commercial motor vehicles operating in this state to have a visible exhaust system free from defects or equipped in a way to prevent adverse effects on sound reduction and prescribes a civil penalty of at least \$500 for violation of these requirements. Requires a commercial motor vehicle to be equipped with a muffler or other noise dissipative device.

- Prohibits *cut-outs*, *bypasses* or other similar devices.
- Allows a court to reduce or waive the civil penalty if the person provides evidence to the court of muffler installation or repair.

### **HB 2727 – Chapter 290 – White Mountain Apache tribe plates**

Establishes the White Mountain Apache Tribe, the Arizona Professional Baseball Club and the Families of Fallen Police Officers special license plates.

#### ***White Mountain Apache Tribe Special Plate***

- Establishes the White Mountain Apache Tribe special license plate if by December 31, 2006, the White Mountain Apache Tribe pays the Department of Transportation \$32,000.
- Requires that if the director allows the above combination, the request shall be in a form prescribed by the director of ADOT and the request is subject to the fees for the personalized special plate in addition to the fees required for a White Mountain Apache Tribe special plate.
- Requires that ADOT deposit all special plate administration fees in the State Highway Fund and transmit all donations collected to the White Mountain Apache Tribe transportation committee.
- Allows the White Mountain Apache Tribe transportation committee to use the monies from the special plate donations only for traffic control devices that conform to the manual on the highways on the White Mountain Apache Tribe reservation that are located in this state and that are not state highways.

#### ***Arizona Professional Baseball Club Special Plate***

- Authorizes ADOT to issue an Arizona Professional Baseball Club special plate, provided the \$32,000 implementation cost is paid by December 31, 2006.
- Stipulates that the entity providing the \$32,000 must design the special plate, which is subject to approval by ADOT.
- Provides the following stipulations on the fund:
  - ⇒ The first \$32,000 received by the fund is to be used to reimburse the entity that paid the initial implementation costs.
  - ⇒ Not more than 10 percent of the monies deposited in the fund may be used for administering the fund.
  - ⇒ Monies in the fund are to be allocated annually by the director to a private Arizona professional baseball organization's foundation, provided that foundation is a 501 (c) (3) organization as qualified under 501 (c) (3) for federal income purposes.
- Prescribes that the foundation allocate monies to the following:
  - ⇒ Programs relating to youth and education development.
  - ⇒ Housing for the homeless or low-income persons.
  - ⇒ Health care for the indigent.
- Authorizes the State Treasurer, on notice from the director, to invest and divest monies.

#### ***Families of Fallen Police Officers Special Plate***

- Establishes the Families of Fallen Police Officers Special Plate (FFPOSP) if ADOT receives \$32,000 by December 31, 2006 for costs related to the plate.
- Stipulates that the entity providing the \$32,000 must design the special plate.
- Stipulates that the design and color of the FFPOSPs are subject to ADOT approval.

- Allows the director of ADOT to combine a request for a FFPOSP with a request for a personalized special plate.
- Requires that if the director allows the above combination, the request shall be in a form prescribed by the director of ADOT and the request is subject to the fees for the personalized special plate in addition to the fees required for a FFPOSP.
- States that of the twenty-five dollar fee required for the original special plate and for renewal of the special plate, eight dollars is a special plate administration fee and seventeen dollars is an annual donation.
- Requires that ADOT deposit all special plate administration fees in the State Highway Fund and all donations in the "families of fallen police officers" special plate fund.
- Stipulates that the first \$32,000 received by the fund is to be used to reimburse the entity that paid the initial implementation costs.
- Mandates that not more than ten per cent of the monies deposited in the fund annually shall be used for the cost administering the fund.
- Allows ADOT to allocate monies from the fund to an incorporated nonprofit corporation in the state of Arizona that is qualified under 501(c) (3) for federal income purposes if, the nonprofit corporation demonstrates a commitment to helping in the healing of family survivors of police officers who died in the line of duty in the state of Arizona.

**HB 2796 – Chapter 292 – motorized electric; gas powered bicycles**

Exempts motorized electric or gas powered bicycles or tricycles from vehicle registration, certificate of title, license tax, and other laws applicable to motor vehicles.

- Exempts a motorized or gas powered bicycle or tricycle from laws relating to required equipment on motorcycles and motor-driven cycles.
- Exempts motorized electric or gas powered bicycles or tricycles from vehicle emissions inspection.
- Permits the operation of motorized electric or gas powered bicycles or tricycles without a driver's license.
- Allows motorized electric or gas powered bicycles or tricycles to use the right-of-way designated for the exclusive use of bicycles.
- Exempts motorized electric or gas powered bicycles or tricycles from vehicle insurance and financial responsibility requirements.
- Defines *motorized electric or gas powered bicycle or tricycle*.
- Allows a local authority to regulate motorized electric or gas powered bicycles provided they do not enact ordinances requiring registration or licensing.
- Modifies the definition of *neighborhood electric vehicle* to conform to the federal definition to allow six passengers instead of four.

**SB 1166 – Chapter 84 – stopping vehicles on highways**

Exempts public transportation vehicles from restrictions relating to stopping, standing or parking on a state highway or state route if all of the following apply:

- The local authority has conducted a traffic and engineering investigation. The results of the investigation are approved by the ADOT Director.
- The driver does not leave the vehicle.
- The vehicle is stopped only long enough to load and unload passengers.
- The vehicle engages four-way hazard flashers.
- The roadway has posted speed limit that does not exceed 45 miles per hour.
- The roadway has signed or signalized intersection controls within a jurisdictionally confined boundary.
- The vehicle is clearly marked as a public transportation vehicle. Defines *public transportation vehicle*.
- As determined by the Director in conjunction with the local authority, the operator drives the vehicle into a pullout or uses any other available method that limits the vehicle from interfering with traffic on the roadway.

**SB 1181 – Chapter 158 – automobile theft authority: membership: exception**

Allows police chiefs, sheriffs and attorneys who are part of the AATA to be represented by their designees and makes changes in the population of counties represented by attorneys. In addition, it requires one county attorney appointed to the AATA to be from Maricopa County.

**SB 1218 – Chapter 219 – \*escort vehicle**

Requires local authorities issuing excess size and weight permits to provide the local authority's ordinances and rules relating to excess size and weight permits to the Arizona Department of Transportation (ADOT) in an electronic format prescribed by the Director. Requires certification and specifies requirements for escort vehicle operators who drive vehicles escorting vehicles requiring an excess size and weight, over-dimensional or envelope permit.

- States that ADOT is immune from liability for relying on and publishing a local authority's ordinances and rules relating to excess size and weight permits that are submitted by the local authority in good faith.
- Specifies that if a local authority does not issue excess size and weight permits governing the movement of excess size and weight vehicles, then ADOT's rules apply.
- States that ADOT must electronically publish the Department's rules relating to excess size and weight permits, envelope permits and over-dimensional permits in the same or similar format used by ADOT to publish the ordinances and rules of local authorities.
- Prohibits a law enforcement officer from issuing a citation or detaining a motor carrier that is traveling on streets or roadways controlled by a local authority if all of the following apply:
  - ⇒ The local authority does not issue excess size and weight permits.

- ⇒ ADOT does not issue an excess size and weight permit for operation on streets and roadways under the local authority's jurisdiction.
- ⇒ The motor carrier is in compliance with ADOT's rules governing the movement of excess size and weight vehicles.
- Clarifies that a law enforcement officer cannot detain or issue a citation to a motor carrier for failure to have an excess size or weight permit if the local authority does not issue permits and a permit cannot be obtained from ADOT for local streets not under the Department's jurisdiction.
- Requires escort vehicle operators to complete an escort vehicle training and certification program.
- Requires the content of the program to meet Commercial Vehicle Safety Alliance or equivalent requirements.
- Specifies repeat training and certification requirements every four years.
- Requires escort vehicle operators to be eighteen years of age, possess a valid driver's license and an escort vehicle operator's certificate.
- Establishes operation of an escort vehicle in violation of law or administrative rules as a civil traffic violation.
- Prohibits the court from sending judgments of escort vehicle operator violations to ADOT.
- Prohibits ADOT from using escort vehicle violations as a reason to suspend or revoke a person's driver's license.
- Exempts law enforcement personnel from escort vehicle certification requirements.
- Specifies that operators of escort vehicles are not responsible for violations committed by the operator or owner of the vehicle they are escorting.
- Renames the Over-dimensional Permit Advisory Council as the Over-dimensional Permit Council.
- Removes the requirement that municipal members of the Over-dimensional Permit Council come from a municipal law enforcement agency.
- Defines *escort vehicle*.
- Allows a person with a certificate issued by another state that authorizes that person to escort vehicles to do so on a highway in Arizona.

**SB 1220 – Chapter 220 – vehicle dealer regulations; exceptions**

Exempts the owner of a classic car or historic vehicle from motor vehicle dealer licensing requirements if a person is selling a classic car or historic vehicle that was titled in the owner's name prior to December 31, 2005.

**SB 1242 – Chapter 296 – traffic ticket enforcement assistance program**

Expands the Traffic Ticket Enforcement Assistance Program (TTEAP) to include boating violations and eliminates the \$200 delinquent monetary obligation threshold for refusing vehicle registration renewal.

- Adds the following definitions, unless otherwise required by context:
  - ⇒ Defines *monetary obligations* as fines, fees, penalties, court costs, surcharges, restitution, assessments and penalty enhancements.
  - ⇒ Defines *restitution* as restitution ordered by the court when only one defendant is convicted.
- Requires the Motor Vehicle Division of ADOT to notify all registered owners of a record, by first class mail at the most recent address, of the refusal to renew registration due to a failure to appear or pay a fine by a registered owner.
- Prohibits the court from requiring the person to appear personally in court if the person does not live within the jurisdiction of the court
- Allows a person to petition the court and permits the court to waive its right to request that the Department refuse to renew a vehicle registration if they determine the registered owner is not the person responsible for the alleged violation or failure to appear.

**SB 1269 – Chapter 231 – private contractors; vehicle parking; enforcement**

Allows a police department to use contractors approved by the municipality for the purpose of issuing citations to violators of vehicle parking ordinances.

- Allows a police department to use municipally approved contractors for the purpose of issuing citations to violators of vehicle parking ordinances.
- Limits the authority of a private contractor to issuing citations for parking violations.
- Prohibits approval of a municipally approved private contractor for parking enforcement purposes who is a relative of an employee or of an elected official of the municipality.
- Specifies that municipally approved private contractors do not have other powers or benefits given to peace officers of this state.
- Prohibits a municipally approved private contractor, employed or contracted by a municipality for the enforcement of ordinances relating to the standing or parking of vehicles from serving any process involving speeding or red light violations detected by photo enforcement.

**SB 1274 – Chapter 312 – ignition interlock devices**

States a person is guilty of Aggravated Driving Under the Influence (AGDUI) if the person is subject to an Ignition Interlock Device (IID) requirement and the person either: (1) refuses to submit to a law enforcement officer's request for a Blood Alcohol Concentration (BAC) test or (2) commits a Driving Under the Influence (DUI) violation.

- Specifies that committing a DUI while under an IID requirement is a Class 4 felony.
- Establishes refusal to submit to a BAC test while under an IID requirement as a Class 6 felony.
- Adds alcohol screening and education facilities as allowable travel destinations for persons subject to an administrative license suspension for a DUI violation.
- Requires IID installers to report evidence of tampering, circumvention or BACs above the presumptive limit each time the installer obtains the information.
- Imposes a twelve month IID requirement on a DUI offender who commits a subsequent DUI while under an IID order.

**SB 1275 – Chapter 271 [E] – \*ignition interlock installers; manufacturers; certification**

Provides that the inability of a person to obtain manufacturer's design details protected as trade secrets for an approved breath testing device used to measure a person's Alcohol Concentration (AC) does not affect the admissibility of the device's breath test results in any trial, action or proceeding. Requires the Director of the Arizona Department of Transportation (ADOT) to establish rules to certify Ignition Interlock Device (IID) manufacturers and installers.

- Adds the Department of Public Safety (DPS) as an agency able to approve and certify breath testing devices and operators conducting the test.
- Specifies that calibration checks of the device using a standard alcohol concentration solution bracketing each person's duplicate breath test are one type of periodic maintenance records to show the device was in proper operating condition.
- Applies the changes related to breath testing devices and procedures to both OUI and DUI violations.
- Requires IID manufacturers and installers to obtain certification from MVD.
- Requires MVD to notify persons who have an IID that they have thirty days to obtain another IID installer if MVD cancels the certification.
- Allows expenditure of monies from the DUI Abatement Fund to pay for the cost of the notice.
- Requires the ADOT Director to adopt rules for certification, administration and enforcement of regulations pertaining to IID manufacturers and installers.

**SB 1445 – Chapter 224 – use fuel taxes; civil penalties**

Imposes a civil penalty on persons who purchase use fuel for a commercial motor vehicle but pay the lesser tax imposed on diesel fuel for light class motor vehicles. In addition, the Arizona Department of Transportation (ADOT) cannot deny a refund to a fuel vendor for use fuel tax paid by the vendor at the commercial vehicle rate but sold and taxed at the light class rate.

- Sets the civil penalty at one thousand dollars, or ten dollars for each gallon of use fuel dispensed, whichever is greater.
- Multiplies the civil penalty for second and subsequent violations by the number of prior violations.
- States that in addition to the civil penalty, the person must also pay the difference in the amount of tax due between the light class motor vehicle tax rate and the use class motor vehicle tax rate.
- Prohibits ADOT from imposing any penalty on a vendor for use class fuel purchased at the light class vehicle tax rate if the purchase was discovered through an ADOT inquiry or audit.
- States that a person must "intentionally" purchase diesel fuel at the lower tax rate for use in a motor vehicle required to pay the higher tax rate before ADOT can assess civil penalties.
- Exempts the vendor from the civil penalty provided the vendor is not the owner or operator of the vehicle or conspired with the fuel purchaser to evade the appropriate tax rate.

**SB 1560 – Chapter 395 – \*DUI; prior offenses**

Increases the time period a prior DUI conviction can be used to count as a second or subsequent DUI offense from sixty months to eighty-four months. Requires the court to order at least thirty hours of community restitution for a second DUI or Extreme DUI conviction. Allows a person convicted of Aggravated DUI to apply for a restricted ignition interlock driver's license resulting from the conviction of a DUI offense with a minor in the vehicle.

# COMMITTEE ON UNIVERSITIES, COMMUNITY COLLEGES & TECHNOLOGY

***Representative Laura Knaperek, Chairman***  
***Representative John M. Allen, Vice-Chairman***  
***Brian Lockery, Legislative Research Analyst***  
***Thomas Adkins, Assistant Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
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**HB 2052 – Chapter 7 – private postsecondary education board; continuation**

Retroactively continues the Arizona State Board for Private Postsecondary Education until July 1, 2016 and contains a purpose section.

**HB 2583 – Chapter 381 – educational classrooms; flag display**

Requires school districts, charter schools, community college districts and the Arizona Board of Regents (ABOR) to purchase and display a United States flag in every classroom in accordance with federal law along with a legible copy of the Constitution of the United States and the Bill of Rights for grades seven through twelve and community college and public university classrooms. Additionally, the bill creates the Arizona's Flags and Constitutions for Freedom Program (Program) and requires a United States flag to be displayed in each hearing room of the Arizona State House of Representatives and the Arizona State Senate. Finally, school districts, charter schools, community college districts and the ABOR must attempt to acquire the flags through donations and fund-raising activities before allocating monies from other sources. This requirement is retroactive to July 1, 2006 and ends June 30, 2007.

**HB 2764 – Chapter 112 – military personnel; transfer credits; reciprocity**

Requires the State Board of Education (SBE) and the Arizona Board of Regents (ABOR) to cooperatively pursue reciprocity agreements with other states concerning transfer credits for military personnel and their dependents in order to facilitate the transfer of military personnel and their dependents to and from the public schools of this state. Additionally, permanent in-state tuition status is provided to a spouse or dependent child of a member of the armed forces stationed in Arizona if the spouse or dependent child qualifies for in-state tuition at the time they are admitted to a public community college or public university.

**SB 1045 – Chapter 100 – postsecondary institutions; SAIS numbers**

Requires public universities and community college districts to use an identifying number for students that corresponds to or references the student's previously assigned Student Accountability Information System (SAIS) number issued after June 30, 2006. School districts must provide students with their SAIS numbers upon request, and students must provide their SAIS numbers to the public university and community college. Additionally, the ability for community college districts and public universities to use a student's social security number as the student's identification number is repealed, and contains an applicability section for faculty, staff or students issued an identification number identical to their social security number before the effective date.

**SB 1058 – Chapter 253 – regents; rural member.**

Requires the Governor to appoint the next two non-student vacancies on the Arizona Board of Regents (ABOR) at the expiration of the January 2008 term from a county with a population of less than 800,000. The initial term of one of the first two rural members must be four years and all appointments thereafter must be eight years, in accordance with current statute. The Governor must make subsequent appointments to replace the terms of the rural members in the same manner.



# COMMITTEE ON WAYS AND MEANS

***Representative Steve Huffman, Chairman***  
***Representative Steve Yarbrough, Vice-Chairman***  
***Kitty Decker, Legislative Research Analyst***



\* Strike-everything Amendment  
[E] Emergency Clause  
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### **HB 2086 – Chapter 123 – taxes; payments, filings and extensions**

Provides several changes regarding the payment of taxes as follows:

- Allows DOR to charge a \$25 fee for insufficient fund payments on electronic payment of taxes.
- Clarifies that TPT payments are delinquent if they are not received by DOR on or before the second to last business day of the month or, if filing by mail, they are not postmarked before the twenty-fifth day of the month.
- Changes the due date of electronic payments of TPT from the twenty-fifth day of the month to the second to last business day of the month.
- Allows DOR to assess penalties if a taxpayer does not file their TPT return on time, even if the actual tax is remitted in a timely manner.
- Allows any taxpayer to remit taxes by an electronic funds transfer.
- Allows the taxpayer to reconcile the withholding amounts within 10 days after the end of each quarter when payments are paid in full and not delinquent for that quarter, similar to the Internal Revenue Code requirements.

### **HB 2088 – Chapter 18 – taxation; confidentiality**

Updates and clarifies the application of confidentiality statutes as follows:

- Allows the disclosure of income tax information in TPT cases heard by OAH if the taxpayer agrees in writing and waives confidentiality.
- Authorizes the disclosure of confidential information to the following:
  - ⇒ The Federation of Tax Administrators and the Multi-State Tax Commission for information exchange programs or tax administration.
  - ⇒ The United States Treasury Department for use in the state income tax levy program and the electronic federal tax payment system.
  - ⇒ Any judicial or administrative proceedings if:
    - The proceedings arose from a taxpayer's civil or criminal tax liability.
    - The return is an issue in a proceeding.
    - The tax return information directly relates to a person who is a party to the proceeding, has a transactional relationship with the taxpayer and it would affect the outcome.
- Clarifies that DOR may disclose information to the Department of Liquor Licensing and Control to verify payment of taxes related to liquor sales.
- Stipulates restrictions on the release of information regarding unclaimed property:
  - ⇒ Clarifies that the information can be released to the holder of the property in addition to a claimant.
  - ⇒ Requires any independent auditors hired by DOR for unclaimed property to be subject to the same confidentiality requirements as DOR employees or other entities that exchange information with DOR.
  - ⇒ Expands the definition of *confidential information* for unclaimed property purposes by including any information that the claimant or holder requests to be kept confidential if there is a possible tax liability involved.

**HB 2089 – Chapter 105 – transaction privilege tax; postage deduction**

Clarifies that TPT does not apply to postage or freight costs for job printing if these items are separately stated on the invoice.

**HB 2132 – Chapter 171 – municipal tax exemption; fairs**

Preempts a municipality from charging TPT or a similar tax on the gross proceeds of sales or gross income retained by the Arizona Exposition and State Fair Board from ride ticket sales at the State fair.

**HB 2175 – Chapter 327 – property tax exemption; health care**

Clarifies the exemption for property used for health care services if the following conditions are met:

- The property is owned by a 501(c)(3) health care provider.
- The property is used to provide health care services, including the administration of services.
- Provides a definition of *health care provider*.
- Establishes a retroactive effective date to January 1, 2000.
- Requires the county treasurer to issue a refund for taxes, penalties and interest paid from 2000 to 2005 to qualifying organizations that submit a claim.

**HB 2350 – Chapter 134 – county treasurer; corrections**

Provides several changes to county treasurer's procedures as follows:

- Clarifies the legal interest rate the county treasurer must pay on tax corrections to be the same interest rate charged by DOR.
- Requires electronic transmission of property taxes for taxpayers who submit one hundred or more personal property tax payments.
- Allows the county treasurer to abate property taxes on sales of personal property and eliminates DOR approval for the abatement of these taxes.

**HB 2360 – Chapter 321 – tax exemption; food; school districts**

Expands the current TPT exemption for food purchases at public schools by:

- Establishing a TPT deduction under the restaurant classification for the sale of food to a school district or charter school that is consumed at the school during school hours.
- Clarifies the use tax exemption applies for food acquired by or provided to a school district or charter school and is consumed at the school during school hours.
- Provides a retroactive effective date to January 1, 2000.
- Requires that claims for refunds must be filed with DOR by December 31, 2006 and that the taxpayer is responsible for providing evidence to the amount of overpaid tax.
- Requires DOR to review each timely filed claim and notify the taxpayer of their decision

- The aggregate amount of the refunds will not exceed \$100,000. Interest will not be paid on any refund before July 1, 2007.
- Specifies that the refund provisions are non-severable.

**HB 2377 – Chapter 332 – state board of equalization; members**

Provides the following changes to the membership of the State Board of Equalization (SBOE):

- Increases the number of members on the SBOE from 17 to 33.
- Decreases the number of years of experience needed in property valuation or real estate for appointment to the SBOE from four years to three years.
- Prohibits a member of the SBOE, other than the chairperson, from having been employed by a county assessor, county attorney, DOR or AG's office within the last two years.
- Requires, if possible and at the chairperson's discretion, no more than one member on a three-member panel and no more than two members on a five-member panel from being employed by a county assessor, county attorney, DOR or AG within the last four years.
- Increases the compensation for members of the SBOE from \$150 to \$300 per day.
- Allows current SBOE members to continue to serve their term and not be subject to the new qualification requirements.
- Appropriates \$30,000 from the state general fund to the SBOE for the purposes of this act.

**HB 2474 – Chapter 322 – verification of class three property**

Allows the county assessor's office to enter into intergovernmental agreements with DOR for a coordinated and comprehensive review of information regarding identification of properties that may be misclassified as class 3 (owner-occupied residential) instead of class 4 (rented residential). In addition, the bill:

- Requires DOR to monitor and review procedures and practices used by the county for the verification of class 3 properties and propose suggested improvements for uniform processes among the counties.
- Requires DOR to issue a report by November 15 each year to the Governor and Legislature on the processes and procedures used by each county in their verification program.
- Allows DOR to require the reclassification of property.
- Allows DOR to require information from the county assessor and county treasurer to verify compliance of procedures used to identify misclassified properties.

**HB 2669 – Chapter 140 – irrigation water delivery districts**

Allows an irrigation water delivery district to be dissolved by a majority of property owners in the district, instead of all property owners, when they sign a petition for dissolution.

**HB 2702 – Chapter 376 – Rio Nuevo; shared revenue**

Extends the tax increment financing for a qualifying county stadium district (Rio Nuevo) from ten years to July 1, 2025. The tax increment financing allows 50% of state TPT revenues generated in the district to remain with the district. In addition, the bill:

- Prohibits the use of state TPT revenues for public buildings, except buildings for police, fire or other public safety facilities, tourism offices and office space used for the administration, maintenance and operation of the multipurpose facility.
- Eliminates the authority for the district to use district funds to acquire land by eminent domain.
- Prohibits altering the district boundaries after it is formed.

#### **HB 2712 – Chapter 244 – tax decisions; distribution**

Provides that tax decisions will be available to the public as follows:

- Requires the following agencies to provide tax decisions to the law libraries, state university Colleges of Law, the State Law Library, the Arizona State Library and any person who requests them, and to publish tax decisions on their official website.
  - ⇒ DOR
  - ⇒ OAH
  - ⇒ Each city or town tax hearing office or the municipal tax hearing officer.
  - ⇒ DES
  - ⇒ ADOT
  - ⇒ The State Board of Tax Appeals (SBOTA)
- Requires the Arizona Supreme Court to adopt rules that establish a procedure for all Arizona courts to distribute tax memorandum decisions to the general public and defines *memorandum decision* for this purpose.
- Defines *redacted tax decision* and *tax decision*.
- Agencies that are required to publish tax decisions must establish and maintain an official website by January 1, 2008 if they do not currently have one.

#### **HB 2717 – Chapter 323 – tax exemption; government owned property**

Eliminates the tax for improvements made on land owned by and then leased from an agricultural improvement district.

#### **HB 2795 – Chapter 342 – tax exemption; active duty pay**

Beginning January 1, 2007, provides a permanent state income tax exemption for military income of active duty members of the Armed Forces of the United States, including active service of the National Guard or reserves.

#### **HB 2820 – Chapter 230 – manufactured buildings; taxation**

Clarifies the application of TPT on manufactured (mobile) homes to be the same as real property. Specifically, the bill:

- Clarifies that the proceeds from alterations or repairs to a manufactured home are taxable under the prime contracting classification.
- Clarifies the site of taxation for the sales of manufactured homes in Arizona as follows:
  - ⇒ homes sold and delivered to another state are not taxed.
  - ⇒ homes sold with no specified delivery site are taxed at the dealer's location.
  - ⇒ homes sold with a specified delivery or setup site in Arizona are taxed at that site.

- Stipulates that homes purchased outside of Arizona, but setup in Arizona are subject to use tax at the rate of 65% of the sales price. Any person hired to setup the home in Arizona is liable for collecting and remitting the use tax along with any tax due under the prime contracting classification.
- Specifies that sales for resale do not include sales to a lessor of manufactured buildings.
- Contains an intent clause stating the bill is clarifying existing law and not creating new taxes.

#### **HB 2821 – Chapter 143 – property tax assessment; valuation; appeals**

Makes several clarifications and changes regarding property valuation and appeals and establishes an Elderly Assistance Fund. Specifically, the bill:

- Modifies the definition of *full cash value* so that the full cash value will not exceed market value regardless of the valuation method.
- Adds a definition of *due date* to mean the next business day if the due date of any report, claim, return or other document falls on a weekend or legal holiday.
- Adds a definition of *net assessed value* to mean the assessed value minus any exempt property.
- Clarifies several property valuation or classification appeal deadlines so that the number of days to file an appeal starts from the date of the mailing of the decision, instead of the date of the decision.
- Allows appeals from a County Board of Equalization to be made by December 15 or within sixty days after the mailing of the decision, whichever is later.
- Prohibits the county assessor from changing the final tax roll reported on February 10 for levy limit purposes without approval from the Property Tax Oversight Commission.
- Establishes an Elderly Assistance Fund in Maricopa County administered by the county treasurer. Monies in the Fund will come from the interest differential on the redemption of tax liens. The Fund will receive the difference of the interest rate prescribed on the tax lien certificate of purchase and the statutory (16%) interest rate for delinquent taxes. The county treasurer shall:
  - ⇒ Use monies in the Fund to proportionately reduce the primary property taxes of all taxpayers who live in an organized school district and who are approved for the senior property valuation freeze.
  - ⇒ Invest the monies in the Elderly Assistance Fund and deposit any interest earned from such investments to the County Treasurer's Taxpayer's Information Fund.

#### **HB 2876 – Chapter 354 – tax relief; omnibus**

Makes several changes to reform and reduce taxes as follows:

##### ***Property Tax:***

- For tax year 2006, requires municipalities, counties and community college districts to set their primary property levies at the lesser of their constitution levy limit or their 2005 primary property tax levy plus new construction value and a two percent inflation factor.
- Changes the name of the county equalization assistance for education tax rate to the state equalization assistance property tax rate.

- For tax years 2006 through 2008, sets the state equalization assistance for education rate at zero; tax years beginning 2009, the rate will be the adjusted TNT rate from the 2005 tax year.
- Updates the qualifying tax rate set by legislature under the TNT statutes to \$3.4788 for unified districts and \$1.7394 for elementary and high school districts.
- Beginning July 1, 2007, requires secondary taxes for bonds, overrides and other special district taxes to only be conducted at the November general election.
- Modifies the information that is provided in the information pamphlet for bonds, overrides and other secondary taxes as follows:
  - ⇒ Eliminates the requirement to show the tax impact on a \$100,000 home and the average assessed value for residential, commercial and agricultural property.
  - ⇒ Requires the political subdivision show the impact of the estimated debt service for a \$250,000 home and a commercial or industrial property valued at \$2.5 million.
  - ⇒ The tax impact will assume that the assessed value of the home or business will remain constant over the term of the bonds.
  - ⇒ The impact will be shown per year, the total number of years of the bond and the total cost.

***Individual Income Tax:***

- Beginning in 2006, reduces the individual income tax rate by 10% over a two year period. The following chart indicates the current and new tax rates:

Single/Married Filing Separate Income Bracket	Married Filing Joint/Head of Household Income Bracket	Current Tax Rate	2006 Tax Rate	2007 Tax Rate
\$0 - \$10,000	\$0 - \$20,000	2.87%	2.73%	2.59%
\$10,001 - \$25,000	\$20,001 - \$50,000	3.20%	3.04%	2.88%
\$25,001 - \$50,000	\$50,001 - \$100,000	3.74%	3.55%	3.36%
\$50,001 - \$150,000	\$100,001 - \$300,000	4.72%	4.48%	4.25%
\$150,001 and over	\$300,001 and over	5.04%	4.79%	4.54%

***TPT and Other Excise Taxes:***

- Beginning November 1, 2006, eliminates the membership camping classification under the TPT, the rental occupancy tax and the severance tax on timber products

**SB 1068 – Chapter 386 – contractor sales tax; development fees**

Beginning September 1, 2006, exempts state and local development or impact fees associated with prime contracting from municipal or state transaction privilege taxes or similar excise taxes. In addition, the bill provides a legislative intent clause that states that the provisions of the bill are not intended to affect the interpretation of statute or city tax code for taxable periods prior to the effective date of this act.

**SB 1069 – Chapter 76 – 2006 tax corrections act**

The annual bill that makes technical, conforming, and clarifying changes to the Arizona tax statutes.

**SB 1074 – Chapter 387 – enterprise zone; reauthorization**

Continues the Enterprise Zone program and associated tax incentives to July 1, 2011. The bill:

- Stipulates that the business certification is terminated when a certified small manufacturing or commercial printing business is purchased by another entity or changes by more than 20 percent of the ownership interest.

- Defines *closely held, commercial printing, family owned, independently owned and operated* and *small commercial printing*. Clarifies the definition of *small manufacturing business* to include small commercial printing.
- Contains blending provisions from previous legislation that lowered the secondary property tax assessment ratio.

**SB 1155 – Chapter 82 – income tax credit review schedule**

Places the income tax credits reviewed in 2005 back on the Income Tax Credit Review schedule for 2010. These income tax credits include:

- ⇒ Credits for the employment of TANF recipients.
- ⇒ Contributions to charitable organizations that provide assistance to the working poor.

**SB 1156 – Chapter 357 – internal revenue code conformity**

The annual bill that updates the definition of *internal revenue code*. This includes all provisions that were in effect as of January 1, 2006 including provisions with federal retroactive effective dates.

**SB 1170 – Chapter 262 – estate; generation skipping taxes; repeal**

Permanently repeals the Arizona Estate Tax and removes all references to this tax for subtractions, filing dates, extensions and references to the federal estate tax.

**SB 1390 – Chapter 38 – property tax valuation; telecommunications companies**

Provides changes to the valuation of telecommunications property. Requires DOR to consider obsolescence in the valuation of telecommunications property upon documentation by the telecommunications company. Defines *obsolescence*.

**SB 1404 – Chapter 325 – \*corporate tuition tax credit: amount**

Changes the annual aggregate amount of corporate income tax credits allowed for contributions to a student tuition organizations as follows:

- For FY 2006-07, increases the maximum amount of credits from \$5 million to \$10 million.
- Beginning in FY 2007-08, the aggregate amount of the corporate tax credits shall be increased from the previous fiscal year by 20 percent.

**SB 1411 – Chapter 168 – prime contracting; exemption; waste disposal**

Provides an exemption from TPT under the prime contracting classification for the operation of a landfill or a solid waste disposal facility. The bill also:

- Clarifies that the activities of constructing roads to a landfill or a solid waste disposal facility and constructing cells sites are still taxable as prime contracting.
- Contains a purpose clause stating the bill is clarifying and reaffirming current law and may not be used or considered in the construction or interpretation of the Model City Tax Code.

**SB 1461 – Chapter 391 – department of revenue; continuation**

Extends the DOR for ten years, to July 1, 2016. The bill also provides for the following:

- Prohibits DOR, unless permitted by law, from applying new legislation retroactively or in a way that will penalize a taxpayer who was complying with previous legislation.

- Restricts new interpretations or applications of the tax laws by the DOR as follows:
  - ⇒ The change may only apply prospectively unless it is favorable to taxpayers.
  - ⇒ The DOR may not collect any tax, penalty, or interest retroactively on any new interpretations.
  - ⇒ Any change is considered an affirmative defense in any administrative or judicial action in the retroactive collection of tax, penalties or interest from taxable years prior to the change being adopted.
- Stipulates that DOR does not have to provide a refund of tax, penalties or interest paid before a new interpretation or application unless the taxpayer provides documentation showing that the refund will go to a person who paid an extra charge to cover the tax. Defines *new interpretation or application*.
- Requires the Joint Legislative Oversight Committee on Property Tax Assessment and Appeals to meet as necessary to review and comment on any proposed DOR property guidelines, tables and manuals

#### **SB 1481 – Chapter 392 – property tax exemption; educational institutions**

- Establishes a property tax exemption for property owned by a non-profit religious or charitable organization that leases the property to a non-profit educational organization and is used for educational purposes through grade 12.
- Requires the property owner to file evidence with the county assessor of their tax exempt status and an affidavit from the educational organization stating the property is used for educational instruction.
- Specifies that the property owner must notify the assessor in writing of any change in the ownership or use of the property.
- Clarifies that rental housing for low income elderly residents is exempt from property taxation if certain conditions are met:
  - ⇒ The property is not used or held for profit, is owned and operated by an eligible nonprofit corporation and is used as an assisted living facility for low income elderly residents.
  - ⇒ Any acquisition or rehabilitation of the property is financed with tax exempt bonds and meets federal requirements for this type of financing.
  - ⇒ The facility does not exceed 200 residents.

#### **SB 1499 – Chapter 14 – corporate tax credit; tuition organizations**

Establishes a new corporate income tax credit for contributions to a student tuition organization (STO).

##### ***Corporate income tax credit***

- The new credit begins July 1, 2006 and remains in effect through June 30, 2011.
- The aggregate amount of the credits is \$5 million per year. Allows a five-year carry forward for any unused credit.
- The credit is in-lieu of any tax deduction and the taxpayer may not make the contribution for the direct benefit of any specific student.
- Adds the STO corporate income tax credit to the Income Tax Credit Review schedule in 2011.

- Defines *Qualified School* and *STO*. *Qualified School* is defined for purposes of the corporate STO credit by requiring the qualified school to:
  - ⇒ Be a nongovernmental school that is located in this state and satisfies the requirements prescribed by law for private schools.
  - ⇒ Annually administer a nationally standardized norm-referenced test with preference for those who administer the AIMS test and to make those scores available to the public.
  - ⇒ Fingerprint teaching staff and other staff having unsupervised contact with the students.

#### ***DOR Administration***

- DOR will preapprove tax credits for companies that plan to make donations for tax credit purposes on a first come, first serve basis. The preapproval will require participation from the STO to determine if the donation has been received in a timely manner.
- Requires DOR to approve/deny the credit within 20 days of being notified of the contribution by the STO.

#### ***Student Tuition Organizations***

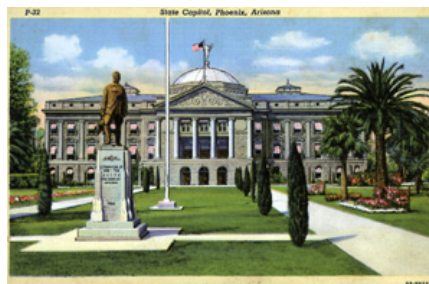
- Requires the STO that receives the contribution to use at least 90% of the contributions for scholarships and tuition grants for students of low-income families. Low income is defined as 185% of the income limit to qualify for reduced lunches.
- The scholarships or grants must be used for a student who either:
  - ⇒ attended a public school as a full-time student for the first 100 days of the prior fiscal year and transferred to a qualified school.
  - ⇒ enrolls in a qualified school in a kindergarten program.
  - ⇒ received a scholarship or tuition grant from the STO and the child continues to attend a qualified school in a subsequent year.
- Requires scholarships and grants to be used for full-time students. If a student leaves the qualified school before completing an entire school year, the school must refund the prorated amount to the STO.
- Requires STO's that receive corporate contributions to allow DOR to verify that the scholarships are awarded to students who attend a qualified school.
- Specifies the maximum scholarship or grant that an STO can award with corporate contributions for 2006 is \$4,200 for grades K-8 and \$5,500 for grades 9-12. Each year thereafter, the maximum grant or scholarship amount will increase by \$100.
- States children receiving scholarships may attend any qualified school of their parent's choice.
- Requires that STO's must report pertinent tracking information regarding contributions to DOR by June 30 each year and allows DOR to adopt rules for this program.
- Requires an independent review of the financial statements of a STO, using general accepted accounting principals.

# SECTION IV

## MEMORIALS AND RESOLUTIONS VETOED BILLS

*Session Convened – January 9, 2006*  
*Adjourned Sine Die – June 22, 2006*

**General Effective Date of Legislation**  
*September 21, 2006*



**STATE OF ARIZONA**  
**Forty-Seventh Legislature**  
**Second Regular Session**

# MEMORIALS AND RESOLUTIONS



\* Strike-everything Amendment  
 [E] Emergency Clause  
 [P 108] Proposition 108 Clause

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**HCM 2001 – urging support; 2007 farm bill**

Urges the United States Congress to recognize the importance and support the priorities of the specialty crop industry as the 2007 Farm Bill is developed.

**HCM 2002 – full funding; Indian health services**

Urges the United States Congress to reallocate funds to the Navajo Area Indian Health Service in order to fully fund the Navajo Health Foundation/Sage Memorial Hospital.

**HCM 2007 – federal excise tax; telecommunications; repeal**

Urges the United States Congress to repeal the federal excise tax on telecommunications and requires the Secretary of State to send copies of this memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and each member of Congress from the State of Arizona.

**HCM 2011 – death tax; permanent repeal**

Urges Congress to permanently repeal the death (estate) tax, do all in its power to remove the United States from the United Nations, and protect the right for citizens to use the word God in the national motto and pledge.

**HCM 2018 – agricultural commuter worker permit program**

Urges the United States Congress to include an agricultural commuter work permit program as part of immigration reform legislation.

**HCM 2021 – environmental emergencies; international border**

Requests that the President and Congress of the United States of America authorize emergency workers and equipment from the United States of America and Mexico to cross their respective international borders whenever an environmental or natural disaster threatens communities on both sides, as long as they return to their county of origin when the emergency subsides.

**HCR 2001 – municipal debt; capacity**

Allows political subdivisions of the state (cities, towns, school districts, and counties) to incur debt up to 20 per cent of the taxable property value (instead of the current 6 percent cap) of the taxable property value within the city or town for public safety, law enforcement, fire and emergency service facilities, as well as streets and transportation facilities.

**HCR 2036 – English as official language**

A referendum measure to repeal the existing Article XXVIII of the Arizona Constitution regarding English as the official language of Arizona. HCR 2036 creates a new Article providing that English is the official language, requiring government officials to preserve, protect and enhance the role of English and requiring official functions of government to be conducted in English.

**HCR 2045 – state trust land reform**

A 2006 ballot measure to amend the Arizona state constitution relating to management and conservation of state trust land. It specifically addresses advertisement, auction and conveyance of trust land; planning in urban areas; rights of way; and designation of conservation land in urban and rural areas. Includes a conditional enactment.

**HCR 2047 – Honorable James Sedillo**

A death resolution honoring the accomplishments of former State Representative James Sedillo and extending the Legislature's deepest sympathies to his family and friends for his passing.

**HCR 2048 – supporting construction: energy pipelines**

Expresses support for the construction of natural gas and gasoline products pipelines as well as the addition of another high-speed fiber optics communications line in Arizona.

**HCR 2050 – save Fantasy Island**

Expresses the Legislature's support of Fantasy Island Park and backs community efforts to preserve the Park.

**HCR 2053 – Sandra Day O'Connor: public service**

A resolution honoring Sandra Day O'Connor for her exceptional public service in various capacities including 25 years of service on the United States Supreme Court.

**HCR 2054 – death resolution: Sam Goddard**

A death resolution honoring Samuel P. Goddard, Jr. and his accomplishments as Arizona's 12<sup>th</sup> Governor.

**HCR 2056 – local governments levy limit: rebase.**

Beginning in 2007, requires counties, cities, towns and community college districts to determine their primary levy limit based on the actual tax levy in 2005.

- Provides that this measure be known and cited as the "2006 Taxpayer Protection Act."
- Requires the Secretary of State to submit this proposition to voters at the next general election.

**HJR 2001 – state border guard units**

Requests the United States Congress and Secretary of Homeland Security to consider establishing state auxiliary reserve units within the Coast Guard in order to address illegal immigration.

**HR 2001 – death resolution: Monsignor Ryle**

A death resolution honoring Monsignor Edward J. Ryle and his numerous contributions to the Catholic Church, humanitarianism, and his efforts in lobbying at the Arizona Legislature.

**HR 2002 – Richard Houseworth: distinguished service**

Expresses the House of Representative's recognition of the service Richard C. Houseworth has provided to the State of Arizona. After serving as the Executive Vice President of the Arizona Bank for thirty years, Richard Houseworth has been the Superintendent of Banks for the State of Arizona since 1983 and has also held many other positions in the area of financial services.

**HR 2004 – Dale Earnhardt**

Remembers the legacy of NASCAR racing legend Dale Earnhardt, who died tragically on February 18, 2001. Earnhardt had seventy-six victories during his career at various racing venues.

**HR 2005 – death resolution: John Joshua Thornton**

A death resolution for Marine Lance Corporal John Joshua Thornton of Phoenix, Arizona who was killed in Iraq in the line of duty on February 25, 2006 at the age of 22.

**SCM 1003 – mortgage interest deduction**

Petitions Congress to reject legislation that would lower the federal mortgage index deduction and instead raise the mortgage index deduction and index it for inflation

**SCR 1001 – \*standing: federal violation: damages**

Prohibits a person in violation of Federal immigration law related to improper entry by an alien from being awarded punitive damages in a court of Arizona.

**SCR 1031 – public programs: citizens**

Pending voter approval, prohibits adults who are not citizens or legal residents of the United States from taking classes offered by the Arizona Department of Education (ADE) Division of Adult Education (Division) or receiving child care assistance from the Arizona Department of Economic Security (DES) and requires specified information on applicants for certain programs to be reported by specified state agencies biannually to the Joint Legislative Budget Committee (JLBC). The prohibition of services for specified programs must be enforced without regard to race, religion, gender, ethnicity or national origin. Prohibits in-state student or county resident status to persons who are not citizens or who lack lawful immigration status pursuant to federal law.

- Requires the SBE to report specified information on program applicants to the JLBC each year.
- Prohibits the ADE from providing adult education classes to adults who are not citizens or legal residents of the United States or are not otherwise lawfully present in the United States.
- Requires the ADE to report specified information on applicants seeking participation in classes provided by the Division on December 31 and June 30 of each year to the JLBC.
- Prohibits a person who is not a United States citizen, a legal resident or without lawful immigration status pursuant to federal law from classification as an in-state student or county resident pursuant to statute.
- Prohibits a person who is without legal immigration status, is not a United States citizen and who is enrolled in a public university or community college from receiving tuition waivers, fee waivers, grants, scholarship assistance, financial aid, tuition assistance or any other type of assistance that is subsidized or paid in whole or in part with state monies.
- Requires each community college and public university to report specified information on December 31 and June 30 of each year to the JLBC.
- Prohibits parents, legal guardians or Arizona caretaker relatives who are not citizens or legal residents of the United States or otherwise lawfully present in the United States from obtaining child care assistance from the DES by amending the definition of *eligible families*.
- Requires the DES to report specified information on applicants seeking child care assistance on December 31 and June 30 of each year to the JLBC.
- Requires statutes related to the Program, the Division, to prohibited financial assistance and to child care assistance provided by the DES to be enforced without regard to race, religion, gender, ethnicity or national origin.

**SCR 1033 – methamphetamine: probation ineligibility**

A referendum measure that prevents a person convicted of drug charges involving methamphetamine from being eligible for probation under the Drug Medicalization, Prevention, and Control Act of 1996.

**SCR 1036 – death resolution: Marilyn Jarrett**

A concurrent death resolution honoring the life of Senator Marilyn Jarrett who passed away at the age of 76, having served in the Arizona Legislature as both a representative and senator since 1995.

**SR 1001 – death resolution: Monsignor Ryle**

A death resolution for Monsignor Edward J. Ryle who passed away on December 28, 2005 after a lengthy illness at the age of 75.

# VETOED BILLS

## All Committees



\* Strike-everything Amendment  
 [E] Emergency Clause  
 [P 108] Proposition 108 Clause

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**HB 2004 – VETOED – school tuition organizations; tax credit**

Established a corporate income tax credit for contributions by a corporation to a Student Tuition Organization.

**HB 2005 – VETOED – federal monies; deposit**

Directed any unrestricted federal monies received through June 30, 2006 to be deposited in the State General Fund for the payment of essential government services.

**HB 2006 – VETOED – appropriation; budget stabilization fund**

Appropriated \$313,836,000 from the General Fund to the Budget Stabilization Fund in FY 2005-06.

**HB 2007 – VETOED – tourism and sports authority; funding**

Eliminated the automatic transfer of monies from the General Fund to the Arizona Sports and Tourism Authority when the National Football League income tax falls below the calculated minimum.

**HB 2102 – VETOED – \*Special audit; OAG; sole source**

Allowed the Joint Legislative Audit Committee to require the Auditor General to perform a literature review to evaluate the use of exclusive vendor contracts. Required the Department of Administration to conduct an impartial review of the efficacy of the exclusive vendor office supply contract.

**HB 2118 – VETOED – charter schools; fingerprinting; penalties**

Established civil penalties for charter schools failing to comply with specified statutory fingerprinting requirements and required the Department of Public Safety (DPS) to issue a permanent fingerprint clearance card to a teacher employed by a school district or charter school on the teacher's second renewal of the card if certain criteria are met. Civil penalties assessed for fingerprinting noncompliance must be collected by requesting the Arizona Department of Education to reduce the amount of state aid due to the charter school in an amount equivalent to the civil penalty. Monies collected for penalties reverted to the State General Fund at the end of the fiscal year.

- Allowed the sponsor of a charter school to impose a \$1,000 civil penalty per violation unless the following conditions were met:
  - ⇒ The charter school had not previously been found in noncompliance.
  - ⇒ The charter school provided proof within two business days of receiving written notification from the sponsor of the charter school that DPS had received an application for the appropriate fingerprint check for each noncompliant individual. Before assessing a penalty, the charter school sponsor must have obtained proof that the charter school was notified of the violation. Required the notification to identify the date of the deadline and be signed by both parties.

**HB2142 – VETOED – human eggs; sale; prohibition**

Prescribed a Class 6 felony for a person to sell/offer or purchase/offer to purchase a human oocyte for human somatic cell nuclear transfer.

Defined *human somatic cell nuclear transfer* as human asexual reproduction that is accomplished by introducing the genetic material from one or more human somatic cells into a fertilized or unfertilized oocyte whose nuclear material has been removed or inactivated to produce an organism at any stage of development, that is genetically virtually identical to an existing or previously existing human organism.

**HB 2186 – VETOED – state annual financial report; format**

Required the director of the Arizona Department of Administration to submit the itemized annual financial report to the Legislature, and required the report and any consolidated financial reports to itemize and separate federal funds from state funds.

**HB 2191 – VETOED – court settlements; JLBC; attorney general**

Required the Joint Legislative Budget Committee and the Attorney General to approve settlements of claims for which a monetary amount is not prescribed, claims settled by way of consent decree, and any change in legislative funding formula that already exists in statute.

**HB2254 – VETOED – abortion; fetal pain**

Required a pregnant woman who requests an abortion of an unborn child who has reached a probable stage of development of 20 weeks after conception to sign a written acknowledgment that she has been informed by the physician that the unborn child has the physical structures necessary to experience pain, that at this point of gestational development, unborn children draw away from surgical instruments in a manner that in an infant or an adult would be interpreted as a response to pain, that the unborn child will experience pain even if the mother has received a pain reducing drug and that the woman requesting an abortion has the right to choose to have anesthesia or drugs administered directly to the unborn child.

Stipulated that a physician who violates the provisions commits an act of unprofessional conduct and is subject to license suspension or revocation pursuant to Title 32, Chapters 13 or 17, Arizona Revised Statutes, unless the physician certifies in the pregnant woman's medical record that, on the basis of the physician's good faith clinical judgment, the pregnant woman has a condition that so complicates her medical condition as to necessitate the immediate abortion of her pregnancy to avert her death or for which a delay will create serious risk of substantial and irreversible impairment of major bodily function.

**HB 2315 – VETOED – \*burden of proof; emergency treatment**

Exempted health professionals, hospitals and hospital employees and agents who provide or are consulted to provide services to a patient in compliance with the Emergency Medical Treatment and Active Labor Act (EMTALA) or as a result of a disaster from liability for civil damages as a result of any act of omission unless the elements of proof required for medical malpractice cases are met by clear and convincing evidence.

Recodified existing statute that requires clear and convincing evidence for certain medical malpractice cases related to emergency treatment for the delivery of infants and would have narrowed the exemption for the clear and convincing evidence requirement for medical malpractice cases related to emergency treatment for the delivery of infants to cases in which a patient's medical information is immediately available.

**HB 2373 – VETOED – \*Supreme Court opinion; single subject**

Allowed proponents of an initiative petition that proposes an amendment to the Arizona Constitution to submit the proposed text of the petition to the Arizona Supreme Court for a determination if the text complies with the separate amendment rule. Outlines a procedure for the submittal of the petition text to the Arizona Supreme Court for a determination.

**HB 2381 – VETOED – \*development fee; capital improvements plan**

Made numerous changes to the assessment and collection of municipal development fees.

### ***Use of Development Fees***

- Defined *public service* for which development fees may be charged as public infrastructure that provides a service within the scope of services a municipality is authorized to provide, including: water systems for domestic, industrial, irrigation or fire protection purposes; water resources; sanitary sewage systems; solid waste facilities; drainage and flood control systems; streets and roadways; bridges and parking facilities; areas for pedestrian, bicycle or other non-motor vehicle use; libraries; parks, recreational facilities and open space areas; landscaping; public buildings; public safety and fire protection facilities; lighting systems; equipment repair facilities; and traffic control systems and devices. Public service also includes all necessary or desirable accessories including equipment, vehicles, furnishings and other property for the public infrastructure, and the acquisition of interests in real property for the public infrastructure.
- Prohibited development fees from being used for airplanes, arts, cultural facilities or any part or equipment related to those facilities, and stated this prohibition did not apply to municipal ordinances requiring art installation or related in lieu fees as a condition of development.
- Required monies received from development fees to be returned to the payors with any earned interest if the public service was not provided.

### ***Determination of the Amount of a Development Fee***

- Required the amount of a development fee to be reduced by the estimated future contribution in cash or by taxes, fees or assessments made by the property owner, any contribution received from the federal or state government or any political subdivision of the federal or state government, and any proceeds of transaction privilege tax on construction contracting industry business used to offset the costs of public services.
- Required the amount of a development fee assessed on or after August 1, 2006, to be based on: land uses approved by zoning, the municipality's adopted general plan or other adopted land use plan; the estimated cost of providing the necessary public service to existing development and to new development; and the estimated times at which the cost would be incurred.
- Prohibited development fees from including any portion of the cost of the public services attributable to existing development, and required municipalities to fund that portion of the cost.

### ***Capital Improvements Plan and Development Fees***

- Required public services for which a development fee was assessed to be addressed in the municipality's capital improvements plan (CIP), and required the CIP to be formally adopted by the municipal governing body before the initial assessment of the development fee.
- Allowed municipalities to prepare a CIP as part of the municipal budget.
- Required the CIP to identify the estimated cost for providing each public service, the level of service on which the cost estimate was based and estimated time the cost would be incurred.

### ***Notice and Hearing for CIP Amendments***

- Required municipalities to give at least 60 days' advance notice of the intention to adopt or amend a CIP.
- Required municipalities to make public a written report including all documentation that supported the proposed CIP or amendment to the CIP.
- Required municipalities to hold a public hearing on the proposed CIP any time after the expiration of the 60-day notice and at least 30 days before the scheduled date of adoption.

- Allowed municipalities to amend the CIP without notice or a public hearing to:
  - ⇒ Include real property or public infrastructure in conjunction with the approval of zoning changes, if the municipality requires, as a condition of the zoning change, new development to provide property or infrastructure that is not part of the CIP.
  - ⇒ Adjust the estimated cost of providing property or infrastructure or adjust the estimated time at which the cost will be incurred.
  - ⇒ Include real property or public infrastructure for water systems and resources, sewage and solid waste facilities, drainage and flood control, streets and traffic control systems, public safety and fire protection facilities, areas for pedestrian and bicycle use, and all parts and equipment for these public services.

#### ***Development Fee Adoption or Amendment***

- Required municipalities to give at least 60 days advance notice of intention to adopt or amend a development fee.
- Required municipalities to make public a written report including all documentation that supports the proposed development fee.
- Required the documentation report to:
  - ⇒ Establish services areas and identify levels of service.
  - ⇒ Identify the estimated costs of providing each public service and the estimated date the costs will be incurred.
  - ⇒ Identify the portion of the cost of public services that is attributable to existing development and identify the anticipated means for the municipality to fund that portion of the cost.
  - ⇒ Identify the estimated contribution made by the property owner and the government and any proceeds of TPT on construction contracting industry business used to offset costs of public services.
  - ⇒ Disclose any existing written agreements that included commitments for usage of capacity.
- Made development fees effective 30 days, instead of 90 days, after the formal adoption by the governing body of the municipality.

#### ***Adjustments to Development Fees Based on an Index***

- Allowed municipalities to adjust any development fee addressed in the CIP without further amendment to the CIP, if the adjustment was based on a recognized index applicable to the cost of the public service that was the subject of the development fee.
- Required municipalities to give at least 60 days advance notice of intention to adjust a development fee, to make public a written report including documentation that supported the adjustment and to hold a public hearing at least 14 days before the scheduled date of adoption.
- Made adjustments to development fees effective 30 days after the formal adoption by the governing body of the municipality.
- Allowed municipalities to adjust development fees adopted prior to August 1, 2006, based on an index, without further amendment to the CIP, unless the development fee complied with the development fee adoption and public documentation requirements of this legislation.

#### ***Miscellaneous***

- Gave municipalities two years from the date a development fee was paid to notify the payor of any discrepancy in the assessment and collection of the development fee, and prohibited any action to collect any additional amount if notice was not provided. Defined pertinent terms.

**HB 2478 – VETOED – workers' compensation; vehicle lessors; scope**

Stated that a business leasing a vehicle to a taxi or livery vehicle driver is not the employer if the business: does not require work solely for that business; does not pay the driver by the hour, a salary, or other financial remuneration; and, obtains a sole proprietorship waiver or contract agreement from the driver. The driver would not have been considered to be an employee and the business would not be liable for workers' compensation coverage or payment of premiums.

**HB 2559 – VETOED – juvenile hearings; jury trials**

Changed statute regarding the termination of parental rights.

- Allowed parents subject to a termination adjudication hearing to request a different judge than the judge assigned to their dependency case until January 1, 2010.
- Continued the law allowing parents subject to termination adjudication hearings to request a jury trial until January 1, 2010.
- Prevented actions to terminate parental rights if previous attempts were dismissed, unless the action related to a new allegation or new information.
- Created a permanency mediation program established by the Administrative Office of the Courts to promote permanency for dependent children, subject to legislative appropriation.

**HB 2575 – VETOED – county supervisors; membership; number**

Required an increase in the number of members on a county board of supervisors, from three to five, if the county's population exceeded 165,000 persons according to the 2000 United States decennial census.

**HB 2577 – VETOED – \*immigration law; employment; enforcement**

Made numerous changes relating to immigration policy, including the following:

- The employment of unauthorized workers.
- Trespassing by illegal aliens.
- Mobilization of the National Guard.
- Border radar.
- Prohibition against the award of punitive damages for persons violating certain federal immigration laws.
- Legal residency requirements for the family literacy, adult education, childcare assistance and financial assistance programs for public universities or community colleges.
- Cooperation and assistance enforcing federal immigration laws by cities, towns and counties.
- Expanded the Gang Intelligence Team Enforcement Mission (GITEM).
- Established the Arizona Border Enforcement Security Team, the Border Security Fund and the Joint Legislative Committee on Immigration.
- Appropriated approximately \$137 million and 162.8 FTE positions from the state General Fund in FY 2006-07 and \$25 million from the state General Fund in FY 2007-08 for these purposes.

**HB 2650 – VETOED – appropriation of federal monies**

Provided the Legislature with appropriation authority over non-custodial federal monies.

**HB 2666 – VETOED – abortion; parental consent; notarized statement**

Required a physician to secure written, notarized consent from a pregnant minor's parent or guardian before performing an abortion on the pregnant minor, and provided that the notarized statement of parental consent and the description of the document or notarial act recorded in the notary journal are confidential and are not public records.

**HB 2675 – VETOED – slum clearance**

Removed the definition of *blighted area* from the Arizona Revised Statutes and stipulated that the designation of an area as a *slum area* terminates five years after a municipality makes that designation unless the municipality has taken substantial action to remove the slum conditions.

**HB 2701 – VETOED – national guard mobilization; border; appropriation**

Allowed the Governor to call on the National Guard in the case of a declaration of a state of emergency resulting from increased unauthorized border crossing and appropriated \$5 million dollars to the cause.

**HB 2776 – VETOED – abortion; parental consent**

Prescribed that a pregnant minor must prove by clear and convincing evidence that she is mature and capable enough to give her informed consent to an abortion. Listed factors the court could have considered in determining whether or not the minor was mature enough to give informed consent.

**HB 2875 – VETOED – school facilities board; budget reconciliation.**

Prohibited the School Facilities Board and school districts from entering into lease-to-own transactions, retroactively amended the building renewal formula and retroactively appropriated \$86,283,500 to the Building Renewal Fund.

**SB 1040 – VETOED – school districts; minor boundary changes**

Increased the maximum number of minor boundary adjustments allowed between adjacent school districts in order to continue to qualify for minor boundary adjustments and allowed school districts to charge nonresident pupils tuition if two school districts have entered into a voluntary agreement for the payment of tuition for certain pupils. Required the agreement to specify the method for computing the tuition amount and the timing of the payments.

**SB 1071 – VETOED – \*corporate tuition tax credit; administration**

Replaced the first come, first serve preapproval process for corporate contributions to student tuition organizations for purposes of the income tax credit with a system that would allow DOR to prorate the contribution amounts if the total contributions exceeded the annual limit.

**SB 1075 – VETOED – arbitration agreements; validity**

Repealed the section of law that provides a limited effect of arbitration agreements between employers and their employees.

**SB 1097 – VETOED – \*human egg donor; informed consent**

Mandated that a human egg donor certify in writing that she has been informed by her physician of the risks associated with the hormone injections which produce multiple eggs and the risks associated with the donation procedure. Classified violations as unprofessional conduct on the part of the physician, resulting in the suspension or revocation of the physician's license.

**SB 1151 – VETOED – tax credits; withholding tax reductions**

Allowed an employer the option to reduce the withholding amount requested by an employee, by the amount of the individual income tax credit for donations to public schools, school tuition organizations and qualifying charitable organizations as defined in statute beginning in 2007. The bill set forth a process for implementing this option.

**SB 1153 – VETOED – postsecondary institutions; religious organizations; equality**

Established the Associational Freedom in Higher Learning Act that prohibits any public postsecondary institution from denying recognition, access, rights, benefits or privileges to a student organization on the basis that the organization advocates religious, political or philosophical beliefs or limits its membership or leadership to students who share the same religious, political or philosophical beliefs.

- Stated that the provisions shall not be construed to require a public postsecondary institution to:
  - ⇒ Recognize an organization that engages in discrimination on the basis of race, color, national origin, sex citizenship, age, veteran status or disability.
  - ⇒ Recognize an organization that disseminates messages or materials that are obscene, defamatory, fraudulent or comprise fighting words.

**SB 1157 – VETOED – trespassing by illegal aliens**

Declared it unlawful for a person who is not a United States citizen to trespass onto private or public lands if the person is in violation of 8 USC §1325, relating to improper entry by an alien.

**SB 1198 – VETOED – ELL; SEI models; budget requests.**

Revised the process for assessment, classification, reassessment and monitoring of pupils with a primary or home language other than English; establishes the 8-member Arizona English Language Learners Task Force (Task Force) charged with specified duties including developing and adopting research-based models of structured English immersion (SEI); requires school districts and charter schools to adopt at least one SEI model and submit SEI budget requests for English language learners (ELL) SEI programs; establishes duties for the Arizona Department of Education (ADE) and the Auditor General; establishes the Arizona Structured English Immersion Fund (SEI Fund) and the Statewide Compensatory Instruction Fund (SCIF); codifies some monitoring of school districts and charter schools for ELL programs; makes numerous appropriations; contains a legislative intent section and a conditional enactment section; repeals the ELL Group B weight after FY 2006-07; establishes two tax credits for ELLs who meet specified criteria; and makes numerous other changes to the statutes relating to ELLs.

***Assessment and Classification***

- Declared that a pupil must be classified an ELL and be enrolled in SEI or bilingual education if it is determined that the pupil is not English language proficient.

***Arizona English Language Learners Task Force***

- Established the 8-member Task Force within the ADE consisting of two members appointed each by the Governor, the President of the Senate, the Speaker of the House of Representatives and the Superintendent. The Task Force must:
  - ⇒ By September 1, 2006, develop and adopt research-based models of SEI programs for use by school districts and charter schools. The models must include specified factors. Instruction outside the regular school day and year must be provided through compensatory instruction which may be eligible for compensatory instruction funding.

- ⇒ Submit the research-based models of SEI to the Legislature, the Governor and the State Board of Education (SBE), and the models must be submitted to the Joint Legislative Budget Committee (JLBC) for review within 30 days of adoption by the Task Force.
- ⇒ Establish a process to determine the incremental costs for the adopted research-based models of SEI.
- ⇒ Establish a form for school districts and charter schools to determine the SEI incremental budget amount request and establishes the maximum formula amount for incremental costs. Beginning July 15, 2008, pupils who have been classified ELL after July 1, 2007 and classified ELL for more than two years are prohibited from being used in the calculation of incremental costs for school district and charter school SEI budget requests.

#### ***Budget Requests***

- Required each school district and charter school to:
  - ⇒ Select one or more Task Force-approved models of SEI for implementation on a school-by-school basis.
  - ⇒ Submit a SEI budget request for a specific amount from the SEI Fund.
  - ⇒ Include in their SEI budget request the signature of specified persons that certifies that the information in the SEI budget request is true to the best of that person's knowledge, has been calculated pursuant to the formula and that monies from the SEI Fund shall not be used to supplant any federal, state or local, including desegregation, monies used for ELLs as of April 15, 2006.
  - ⇒ Beginning July 1, 2007, submit a SEI budget request annually to the ADE by September 15. The ADE must verify the SEI budget request of each school district and charter school for accuracy and compliance, and shall collect the SEI budget requests and submit them to the Legislature for funding from the SEI Fund.

#### ***Arizona Structured English Immersion Fund***

- Established the SEI Fund administered by the ADE. ADE must annually request an appropriation for the purposes of the Fund.
- Required each school district and charter school to establish a local level SEI Fund to receive monies from the Arizona SEI Fund.
- Required school districts and charter schools to use monies from the SEI Fund to supplement existing programs for ELLs. Monies must not be used to supplant any federal, state or local, including desegregation, monies used for ELLs that were budgeted for ELLs as of April 15, 2006, nor to pay for the normal costs of conducting programs for English proficient students.

#### ***Reassessing ELLs***

- Required ELLs to be reassessed for the purpose of determining English language proficiency at least annually at the end of each school year.
- Stated that pupils who score at or above the English language proficiency test publisher's designated score for English proficiency must be reclassified as English proficient. After reclassification, the pupil must be transferred to English language mainstream classrooms.

### ***Former ELL Monitoring***

- Required the English language proficiency of each pupil previously classified as an ELL within the last two years to be tested annually at the end of the school year in the same manner as assessing for the first time. Pupils who fail to demonstrate English language proficiency must be classified as an ELL and be enrolled in SEI, subject to parental consent. The pupil may be provided compensatory instruction.

### ***Statewide Compensatory Instruction Fund***

- Establishes the Statewide Compensatory Instruction Fund (SCIF) administered by the ADE.
- Required school districts and charter schools to:
  - ⇒ Demonstrate to the ADE that the school district or charter school has established a satisfactory compensatory instruction program.
  - ⇒ Annually submit written compensatory instruction budget requests to the ADE by July 15 on a form developed by the ADE and signed by specified persons that the monies from the SCIF must not be used to supplant any federal, state or local, including desegregation, monies for ELLs that were budgeted for ELLs as of April 15, 2006. The written requests must include an analysis of compensatory instruction effectiveness. Monies from the SCIF must be used to supplement existing programs and must not be used to supplant any federal, state or local, including desegregation, monies used for compensatory instruction for ELLs as of April 15, 2006.
  - ⇒ Establish a local level compensatory instruction fund to receive SCIF monies.

### ***ADE Duties***

- Established the ADE Division of English Language Acquisition Services (Division) and requires the Division to:
  - ⇒ Develop guidelines for the monitoring of school districts and charter schools for the purpose of ensuring compliance with all federal and state laws regarding ELLs.
  - ⇒ In consultation with county school superintendents, develop regional programs to enhance all aspects of training for teachers and administrators.
  - ⇒ Publish ELL policy guidelines that include a list of relevant rules, regulations and statutes relating to ELL programs to notify districts and charter schools of their responsibilities.
  - ⇒ Contract with an independent information technology consultant for the preliminary design of the ADE's agency information system. The consultant must analyze and evaluate the specific data needs and elements for ELL programs for the agency information system.
  - ⇒ Require each school district and charter school to annually submit a report to the ADE that includes specified information identified by grade level and by school.
  - ⇒ Determine the mobility of ELLs within the same school district and other school districts and charter schools.
  - ⇒ Submit an annual report to the JLBC that includes an itemized list of all federal monies received by the ADE for ELLs, a list of how much of these monies were distributed to school districts on a district by district basis and the purposes for which these federal monies are designated.

- ⇒ Submit an annual report to the Governor, the Legislature and the SBE that includes a detailed analysis of whether and to what extent pupils are benefiting academically from compensatory instruction and a comparison of the academic achievement of pupils before and after receiving compensatory instruction.

### ***Monitoring***

- Established monitoring requirements for school districts and charter schools under the Division.
- Required ADE monitoring to be on-site and to include classroom observations, curriculum reviews, faculty interviews, student records, a review of ELL programs and an analysis of programmatic effectiveness. The ADE must determine compliance with federal or state law and issue a report within 45 days after completing the monitoring. Within 60 days of the ADE report, the school district or charter school must submit a corrective action plan to the ADE that sets forth the steps to be taken to correct the deficiencies noted in the report. Within 30 days of receiving the corrective action plan, the ADE must review and may require changes to the plan, then return the plan to the school district or charter school. Within 30 days of receiving the corrective action plan back from the ADE, the school district or charter school must implement the measures.
- Required the ADE to conduct a follow-up evaluation of the school district or charter school within one year after the date of issuing the changed corrective action plan. If the ADE finds continued noncompliance during the follow-up evaluation, the school district or charter school must be referred to the SBE for determination of noncompliance for the purposes of continuing to receive SEI Fund monies. A school district or charter school determined to be noncompliant shall not reduce the amount of funds spent on its ELLs as a result of its loss of SEI Fund monies because of continued noncompliance. The ADE must continue monitoring school districts or charter schools that the SBE has determined are noncompliant and are no longer receiving SEI Fund monies to ensure that the school district or charter school has not reduced the amount of funds spent on their ELL programs as a result of noncompliance.

### ***Auditor General Duties***

- Required the Auditor General to:
  - ⇒ Biennially audit the overall effectiveness of the ELL program based on performance based outcome measurements and increased English proficiency.
  - ⇒ Review the mobility of English proficient students and ELLs.
  - ⇒ Conduct financial audits on school districts that are monitored as provided. The audits must include a review of the SEI budget requests and the SCIF budget requests. The Auditor General may conduct financial audits on randomly selected school districts that are not currently being monitored as provided.
  - ⇒ Determine whether school districts that receive grants from the SEI Fund and the SCIF are in compliance with specified state law through performance audits conducted by the school-wide audit teams.

### ***Tax Credits***

- Established two tax credits for voluntary cash contributions to school tuition organizations (STO), a personal income tax credit for individuals or a head of household (\$500) and married couples filing a joint return (\$1,000) and a corporate tax credit. These tax credits are for ELLs who meet specified criteria, and begin in tax years beginning 2007.

- Required the STO to use at least 90 percent of contributions to provide educational scholarships or tuition grants to children who are ELL and who meet at least one additional listed criterion.
- Placed caps on the educational scholarship or tuition grant.
- Required the STO to require the children who receive an educational scholarship or tuition grant to attend on a full-time basis at any qualified school.
- Required each STO that receives voluntary cash contributions to submit an annual report to the DOR by June 30 with the reporting criteria delineated.

#### ***Appropriations***

- Appropriated \$10,000,000 in FY 2006-07 from the State General Fund to ADE for the SCIF.
- Appropriated \$2,555,000 in FY 2005-06 and \$4,610,000 in FY 2006-07 from the GF to the ADE for statutory duties and for the costs of providing English language proficiency assessments, scoring and ancillary materials to school districts and charter schools. Allows the ADE to hire staff or contract out with a third party for specified duties. Additionally, the ADE may use a portion of these monies to contract with one or more private attorneys to provide legal services in connection with the Flores v. State of Arizona case.
- Appropriated \$2,500,000 in FY 2006-07 from the GF to the Auditor General for specified duties.
- Appropriated \$14,300,000 in FY 2006-07 from the GF to the ADE for distribution to school districts and charter schools for the increased Group B ELL weight.

#### ***Miscellaneous***

- Required the ADE to include the results of ELL English language proficiency tests, reassessment tests and reevaluation tests in school achievement profiles.
- Declared that the SBE must require all approved teacher training programs that provide a degree in education to require courses that are necessary to obtain a full SEI endorsement.
- Declared that the new sections relating to English Language Education do not relieve school districts and charter schools from ensuring that they are in compliance with the requirements of federal and state law.
- Repealed the Group B ELL weight and associated definition beginning in FY 2007-08.

#### **SB 1206 – VETOED – schools; maximum property tax rate**

Prohibited the governing board of a common school district, a high school district or a unified school district to fix, levy or assess a primary property tax rate that is higher than the current year's rate if the district met the following criteria:

- The total primary property taxes levied for all taxing jurisdictions resulted in at least 50% of the homeowners exceeding the 1% constitutional cap.
- The primary property tax rate exceeded 150% of the QTR.

The bill also would have required the Property Tax Oversight Commission (PTOC) to determine which school districts were affected and to notify those districts by December 31. The PTOC would also have notified the county school superintendent and the county board of supervisors.

**SB 1217 – VETOED – \*public health services district**

Removed the option to form a Public Health Services District by unanimous vote of the county board of supervisors.

**SB 1290 – VETOED – electric generation facilities; tax valuation**

Modified the determination of the value of property used in operating natural gas fired electric generation facilities with an exempt wholesale generator certificate or electric generation facilities without a certificate that were not valued in the previous year by DOR, by requiring DOR to use certain valuation tables. DOR would continue to use the current valuation tables for nuclear and coal fired facilities.

**SB1325 – VETOED – public funds; abortion; prohibition**

Prohibited the use of public funds or tax monies of the state or any political subdivision to pay the costs associated with a health insurance policy, contract or plan that provides benefits related to the performance of any abortion, except an abortion necessary to either save the life of the woman, or avert substantial and irreversible impairment of a major bodily function.

**SB 1356 – VETOED – hazardous air pollutants; de minimis**

Required Department of Environmental Quality (DEQ) to adopt rules for establishing appropriate de minimis amounts for hazardous air pollutants based on scientific criteria for the purposes of determining whether a hazardous air pollutant source change constitutes a modification and outlined the scientific criteria.

**SB 1370 – VETOED – \*wrongful termination; cause of action**

Specified when the cause of action is established for a breach of employment contract or wrongful termination.

**SB 1425 – VETOED – emergency; confiscation of firearms; prohibition**

Specified that the Governor may not commandeer and utilize firearms or ammunition or their components during a state of war emergency.

**SB 1432 – VETOED – water utility systems; valuation**

Required any water utility system, including land, buildings, improvements and personal property to be valued at \$500, regardless of the number of parcels in the system.

**SB 1455 – VETOED – charter schools; sponsorship**

Retroactively allowed a public university, college or a community college to sponsor a charter school, and established civil penalties for charter schools failing to comply with specified statutory fingerprinting requirements.

- Retroactively required the charter of a charter school sponsored by a public university, college or a community college to contain specific provisions.
- Prohibited a sponsor of a charter school from owning, operating or administering a charter school after July 1, 2006, unless sponsored by a school district.
- Required a charter school sponsored by a public university, college or community college to meet or exceed the Arizona Academic Standards, and these sponsors must develop and adopt policies and procedures to assure that all charter schools sponsored by these entities comply with all applicable state and federal laws. Sponsoring entities must meet specified criteria.
- Stated that charter schools sponsored by a public university, college or a community college are subject to the same statutes guiding their financial provisions as charter schools sponsored by the SBE and the SBCS.

- Allowed the sponsor of a charter school to impose a \$1,000 civil penalty per violation unless the charter school has not previously been found in noncompliance and the charter school provides proof within two business days of receiving written notification from the sponsor of the charter school that the Department of Public Safety (DPS) has received an application for the appropriate fingerprint check for each noncompliant individual.
- Required civil penalties assessed for fingerprinting noncompliance to be collected by requesting the Arizona Department of Education reduce the amount of state aid due to the charter school in an amount equivalent to the civil penalty. Penalties collected revert to the state General Fund at the end of the fiscal year.

**SB1477 – VETOED – psychotropic drugs; testing; informed consent**

Stipulated that regardless of any other law, a state-funded institution or agency would not be able to test a psychotropic drug or the effects of any previously prescribed or administered psychotropic drug on any person without the voluntary and informed written consent of the person. Test subjects under 18 years of age would also need the written consent of a parent or legal guardian.

Required the testing institution or agency to report to the Department of Health Services (DHS) each adverse side effect of a drug it administers pursuant to this section and make complete financial disclosure relating to money received and the source of the money used to conduct the test. Directed DHS to submit an annual report of adverse side effects discovered during these drug trials to the Governor, the President of the Senate and the Speaker of the House of Representatives and to provide a copy of each report to the Secretary of State and the Director of the Arizona State Library, Archives and Public Records.

**SB 1479 – VETOED – local planning; residential housing incentives**

Prohibited a city or town from adopting land use regulations, plan provisions or permitting approval conditions that affect the sale or lease price of property for sale or lease to a particular class or group of purchasers.

**SB 1543 – VETOED – property tax valuation; pipelines**

Required DOR to exempt personal property from valuation until it was placed in commercial service and to consider obsolescence in the valuation of pipeline property at the request and documentation of the property owner. Property owners would have been notified of their preliminary full cash value by June 15 each year and given an opportunity for a hearing, if desired, regarding any concerns regarding their value determination. Prohibited the full cash value from exceeding the market value.

# SECTION V

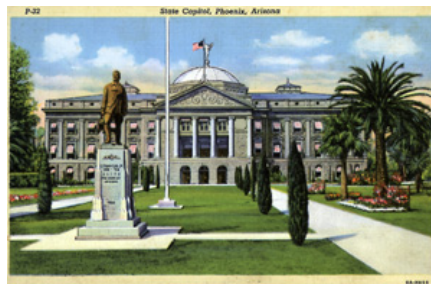
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*Session Convened – January 9, 2006*

*Adjourned Sine Die – June 22, 2006*

**General Effective Date of Legislation**

*September 21, 2006*



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**Forty-Seventh Legislature**

**Second Regular Session**

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